



Financing Irrigation Development In Ethiopia

Ethiopia Water and Energy Week
19 June 2019

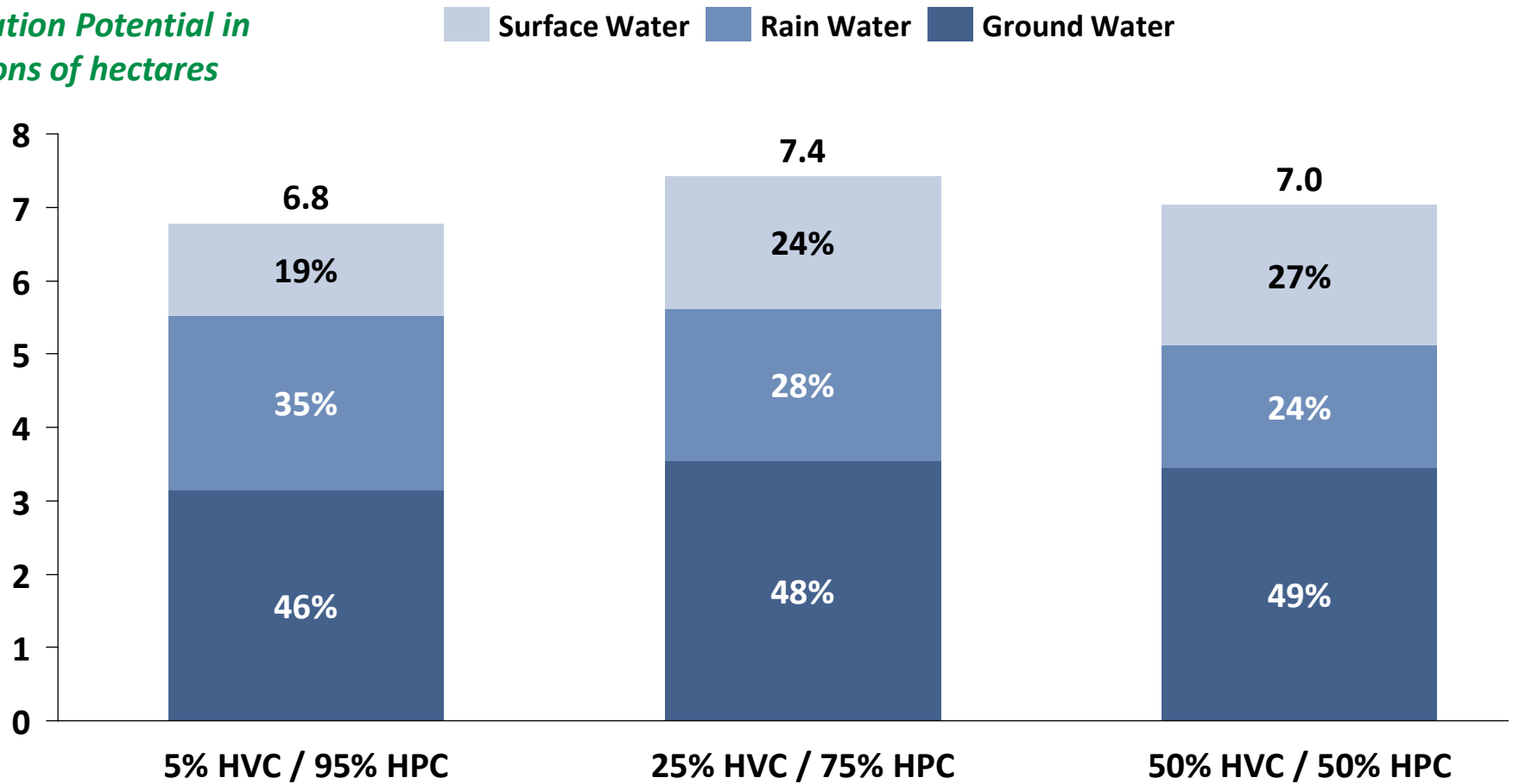


CONTENT

- **Overview of Financing Plan for GTP II**
- **Current Financing Trend**
- **Overall Finance Need for Irrigation and its Gaps**

Smallholder Irrigation & Drainage Strategy estimated irrigation potential at 6.8 to 7.0 MN Ha based on water availability and farm economics

Irrigation Potential in millions of hectares



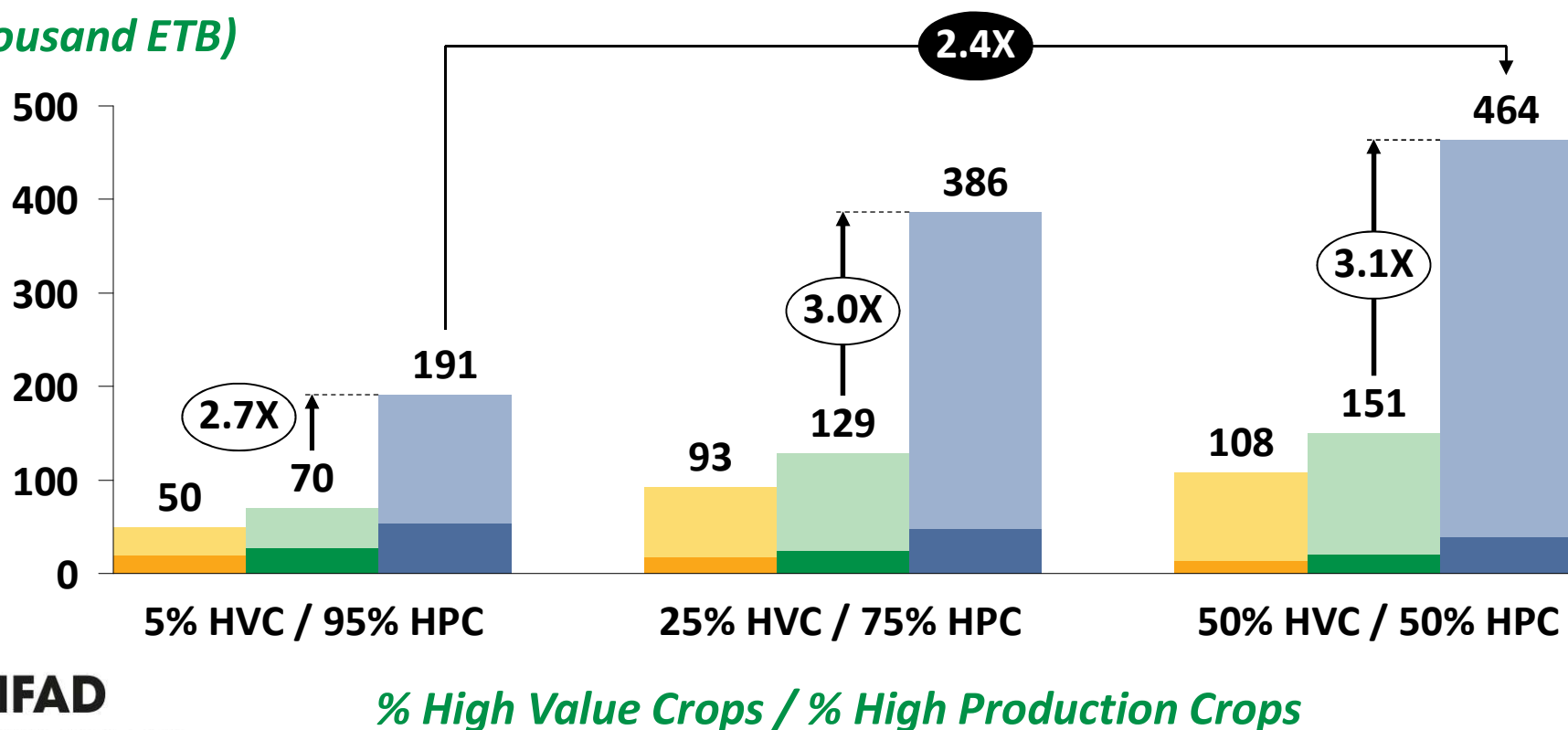
Investing in rural people

% High Value Crops / % High Production Crops

Irrigating this new land and increasing HVC production could increase farmer income by 6.6X (=2.7*2.4) on average for ~3.9 million farmers

Current Average Yields HPC HVC
GTP II Y5 Target Yields HPC HVC
Irrigated Yields HPC HVC

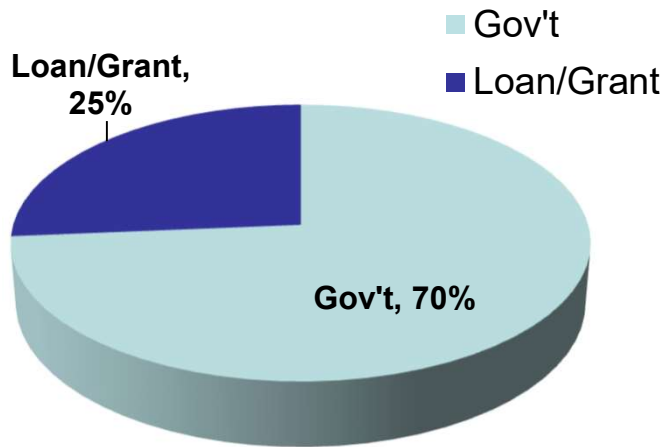
Farmer income
(Thousand ETB)



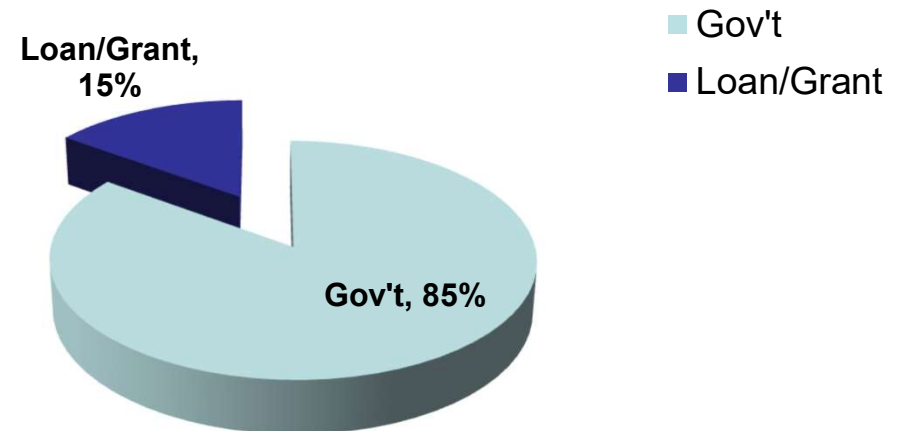
Investing in rural people

Source: National Irrigation & Drainage Strategy, Final Draft (December 2016)

In GTP II, MoWIE planned to mobilize ~ \$ 2.43 Bln from different sources



- Government planned to allocate ~ \$ 13 Mill (75%) for the feasibility study & design of medium & large scale irrigation schemes



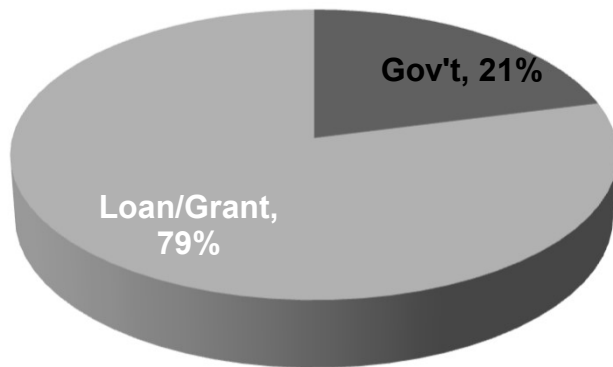
- Government planned to allocate ~ \$ 2 Bln (85%) for the construction of medium & large scale irrigation schemes

~ \$ 803 mill utilized in the past four years as compared to the planned ~ \$1.95 Bln

- Budget utilization is almost 41%
- Budget couldn't be allocated

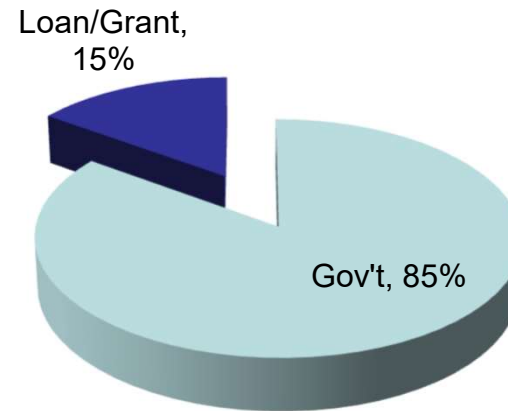
In GTP II, MoA through its projects allocated ~ \$ 377mill

- Gov't
- Loan/Grant



- Through its PASIDP Project, Government/ben planned to allocate ~ \$ 39 Mill (21%) for SSI development

- Gov't
- Loan/Grant



- Through its AGP II government/ben planned to allocate ~ \$ 14 million (6 %) for SSI development

SLM and SMIS Project are also supporting SSI development

MoA prepared draft investment requirement of \$ 1.9 Bln for SSI & benefit ~1.4 MN SHFs irrigating 471,460 ha

Program	Investment priority areas	Estimated Budget (Mil. USD)
Small Scale Irrigation	1. Delineate and map irrigation potential, actual irrigated area coverage and water resource options for agriculture	9.7
	2. Assess drainage conditions, map salinization and other environmental damages around irrigation schemes and implement cost-effective and sustainable drainage systems	57.8
	3. Conduct feasibility studies and develop detail designs for small-scale irrigation infrastructures in selected areas	33
	4. Construct and operationalize diversion and pumped small scale irrigation infrastructures	611
	5. Construct and operationalize groundwater based small scale Irrigation infrastructures	491
	6. Identify, redesign, rehabilitate and upgrade malfunctioning exiting small-scale irrigation schemes	333
	7. Identify and develop resource efficient (water and energy efficient) small-scale irrigation technologies	372
	8. Establish and strengthen on-farm management practices and promote irrigated agricultural technologies for urban and urban peripheries	3.02
	9. Build physical and human capacity of the small-scale irrigation development sector through procurement of modern machines, tools, equipment and provision of rigorous tailored trainings	15.8
	10. Develop policies, strategies and institutional arrangements to create enabling environment for sustainable small-scale irrigation development	7.6
	11. Develop supply chain models for irrigation and drainage technologies and services	4.62

Source: Agriculture Sector Investment Prioritization, MoA 2019

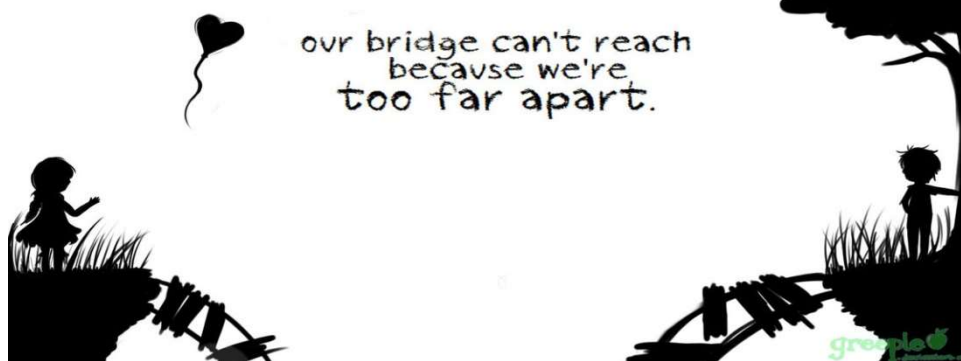
Clearly, there is a need to mobilize additional funding for the sector as it falls behind the plan

- Based on GTP II targets, about 4.5 Bln USD - funding requirements for physical infrastructure investments
- So far, less than 1.5 billion USD (30%) is mobilized,
- Adding 1 mill ha more will cost us more than **5/6 Bln USD (conservative estimate)**

Need

- Availability of water
- Land
- Human Resources
- Technologies
- Institutions
- Policies & Regulations

Available Financial Resources



We need to Build a Bridge

Fact: there is gap between available resources and need



To keep in mind

- ✓ How can we effectively mobilize more resources
 - ✓ Development partners
 - ✓ Domestic financing
- ✓ How can we use the available resource in most impactful manner (prioritization)
- ✓ How can we enhance our implementation capacity
- ✓ Is it not time to have stand alone irrigation fund



Shall we think irrigation financing as one big agenda?



Thank you!