

JOINT STATEMENT OF POLICY RECOMMENDATIONS

**A Synopsis of proceedings from the food security retreat (March 26-27th)
between USAID, EU, WFP and UNOCHA/EUE¹**

Introductory Statement on the Nature of and Response to Food Insecurity in Ethiopia

In spite of high levels of food aid and development assistance to Ethiopia over the last decade, the number of people defined as food insecure in 2001 is approximately 6.2 million.² This group includes the chronically food insecure, defined as those people who are incapable of meeting their annual food needs without food aid assistance under normal conditions. Ethiopia's chronically food insecure population has continued to increase as annual population growth of 2.7% outstrips the average annual 2.4% increase in agricultural production. Furthermore, these national figures do not reflect the fact that agricultural growth is mainly taking place in surplus production areas, and not in food deficit regions. Poor storage, marketing infrastructure, and transport compound the problem and constrain the movement of produce between surplus and deficit regions, which could otherwise help alleviate the conditions in food insecure areas. This agrarian crisis is further accompanied by a nutritional crisis, even among those that receive regular food aid.

Although food insecurity is recognized as predominantly chronic in nature, present response mechanisms focus on addressing acute needs. This focus is borne out by annual Disaster Prevention and Preparedness Commission (DPPC) appeals, which request emergency donor assistance (food aid) for what is essentially a development problem. There is a real potential for a large increase in the number of people requiring food assistance over the coming years because economic growth is too little, and because food aid cannot build household assets and create the opportunities that permit people to work themselves out of poverty. Many households simply remain long-term beneficiaries. Even where food aid has been used productively through Employment Generation Schemes (EGS), Food for Work (FFW) and Cash for Work (CFW) schemes, this has not created a continuum between relief and development. This is because such assistance is usually insufficient to sustain household asset and community asset creation without further inputs. Even then, the assets created have been relatively modest compared to what could have been achieved with proper planning and budgeting for the chronically food insecure, in a development framework.

Without a real reorientation of policy, the future looks bleak. Some estimates project a national requirement of 24 million metric tons (MT) of cereal by 2025, which would mean that Ethiopia would have to grow and/or import an additional 12 million MT beyond the estimated 2000 production of approximately 12 million MT. We should not assume that agricultural

¹ This document was written by Joanne Raisin (USAID) as a synopsis of the issues discussed in retreat between USAID, EU, WFP, UNOCHA/EUE.

² This figure is cited in the 2001 DDPC appeal. However, this is somewhat confusing and perhaps not an accurate statement of the problem as the 1999 MEDAC Poverty Situation report cited the proportion of the population as 'food poor' as 52% of the rural population and 36% of the urban population.

performance will remain the same, but since it has never exceeded population growth we can anticipate that the gap between food needs and availability will continue to widen, requiring additional food aid. Even if donors maintain the political will to provide food aid, the logistical limitations of operating such a large-scale relief effort could ultimately lead to widespread mortality reminiscent of the 1980s.

Background to this Policy Dialogue Statement

The dialogue on food security practice and policy slowed significantly in 1999, despite completion of the World Bank (WB) led multi-donor exercise to design a food security sector investment program. This was due in part to the Ethio-Eritrean conflict, which prevented donors from disbursing funds for development and confined new activities to emergency relief. Even where development funds were available, many donors began to pursue independent unilateral action to address food security, primarily at the regional level because of difficulties in keeping food security dialogue open with the Government of the Federal Democratic Republic of Ethiopia (GFDRE). In early 2000, when the Government indicated that it was not willing to continue multi-donor dialogue, the World Bank started discussions on a smaller food security project, with the Government and a number of bilateral donors. This essentially interrupted food security policy dialogue between donors and the GFDRE.

The 2000 drought and subsequent emergency relief operation reopened debate on food security policy and dialogue, beginning with a series of high-level missions by the United Nations, European Union (EU), and United States (US). The visiting missions permitted donor representatives an audience with the Prime Minister's Office (PMO), thereby providing access to the decision-making level and re-opened a discussion on food security policy. This, combined with the cessation of conflict, has led to a renewed debate on the national food security strategy.

In partial response to this situation, United States Agency for International Development (USAID), World Food Program (WFP) and the EU began discussions on how to increase cooperation in the sphere of food security policy and practice, and improve dialogue with GFDRE in key areas of concern. This culminated in a two-day retreat for representatives of these organizations, which the further inclusion of UN Office for the Coordination of Humanitarian Affairs (OCHA) and UN Emergencies Unit for Ethiopia (UN-EUE). The policy issues and recommendations presented in this brief paper are the result of intensive discussions held during the retreat. This paper does not include the full range of topics covered, but is restricted to key areas that focus on the need to distinguish chronic and acute food insecurity in Ethiopia with the aim of improving the efficiency of food aid and food security resources.

Policy Recommendations

A. Food Aid & Food Security Coordination

Several functional units at Federal and Regional level have mandates for food security and the implementation of food aid programmes. At the federal level these include Ministry for Economic Development and Cooperation (MEDAC), which mobilizes development resources that are then implemented by Ministry of Agriculture (MOA), and DPPC (relief distribution). Bureau of Planning and Economic Development (BOPED), DPPB, Bureau of Agriculture (BOA)

and regional Food Security Units (FSUs) serve as regional counterparts with similar mandates. The present institutional arrangements and mandates make coordination regarding the access, use and control of food aid resources and food security assistance difficult.

Whilst food security is recognized as cutting across sectors, there is no one responsible focal point for discussions on food security policy development at the Federal level. This is further compounded by a limited capacity at all levels to effectively use the resources provided to ensure a focus on moving from relief and development (through EGS/FFW for example). Policy recommendations are:

- 1. Establish a Senior-Level Food Security Policy Steering Committee. In addition to wider policy dialogue on food security issues, this committee would work to identify appropriate and sustainable activities through FFW/EGS/CFW, and develop a coordinated approach to the use of food aid and food security assistance. The food security working group further believes that the committee should include appropriate regional representation.**
- 2. Focus DPPC's mandate on emergency functions (e.g., acute needs)**
- 3. Identify appropriate government institutions to mobilize and distribute resources for the chronically food insecure population. This is in line with the majority of recommendations that assert the need to separate chronic and acute food insecurity in Ethiopia so that chronic needs are addressed through a development oriented approach.**

B. Managing Food Aid and Food Security Resources to address both Chronic and Acute Food Insecurity

Food insecurity in Ethiopia is predominantly chronic in nature, with the exception of crisis years (e.g., 2000). Chronically food insecure households are those that cannot meet their food needs in any given year, regardless of climatic variables or other external shocks. Decades of food aid distribution have not improved the nutritional or economic status of this group, suggesting that a different approach is required. The chronically food insecure population's needs would ideally be addressed under a development umbrella, rather than through emergency aid as at present. This approach requires separating chronic and acute food insecurity, although in practice shifting vulnerability between food insecure groups makes the separation of chronic and acute needs complex. While such a distinction is vital in the long term (in order to systematically program food aid within a development framework), there is significant scope for improvement in the use of food aid in the short term. Policy recommendations:

- 4. Refine the current assessment methodology to distinguish between chronic and acute food insecurity.³**

³ One way forward in this regard would be to work towards a more rigorous permanent information/surveillance system. This would require, in part, timely, reliable annual estimates of crop and livestock production. We propose that the National Agricultural Census, to be conducted this year, be used as the starting point for refining assessment methodology. Donors should also provide support to the CSA to refine the sampling frame, and increase sample size used for the annual estimates.

In the interim period of redefining the methodology to distinguish between chronic and acute needs,

- 5. The GFDRE and FAO should conduct concurrent crop and food needs assessments, which synthesize availability and vulnerability data (e.g. supply and demand).**
- 6. Food aid should be made more productive for the chronically vulnerable through well-planned FFW/EGS/EBSN schemes. CFW alternatives should also be considered whenever appropriate and feasible, along with more flexible use of food aid to encourage development and technology adoption.**

C. Budgeting for Food Aid and Food Security

Food aid and food security expenditures have been exempted from formal GFDRE budgeting. This prevents possibilities for advanced planning of activities/programs to be funded through food aid resources. That said, it would appear that the GoE does budget this assistance informally. For example, relief and development resources are often offset from capital subsidy transfers to the *woreda*, albeit on an informal and discretionary basis. As a result, food deficit *woredas* do not receive capital budget allocations for health, education, water and infrastructure development equivalent to that received by relatively better off *woredas*.

Moreover, food aid is presently provided to Ethiopia by the donor community in response to appeals, without any contribution by the GFDRE, except in very exceptional circumstances (e.g., 2000). It would be desirable that the GFDRE contributes a proportion of its own budgetary resources to DPPC appeals in acute crisis situations. Recommendations to improve the above are:

- 7. Food aid and food security expenditure should be included in the GoE Budget.⁴**
- 8. The GoE should not offset food aid and food security assistance capital subsidies at any level.**
- 9. The GoE should contribute its own budgetary resources to DPPC appeals.⁵**

D. Agricultural-Related Sector Development Policies

The national food security strategy was initially envisaged as an investment strategy, although this is not yet evident in practice. This is most notable in relation to the supply driven nature of Agricultural Development Led Industrialization (ADLI), which focuses on productivity in higher yielding areas while lacking investment prioritization in the chronically food insecure areas. The national fertilizer program and the extension system, neither of which have impacted positively in the chronically food deficit regions, are of particular concern.

⁴ This is expected to be the case for EFY 2002, as the Ministry of Finance will include food aid expenditure in annex 4.1 of the budget.

⁵ In the best case scenario whereby the chronically food insecure would be taken out of the DPPC appeal, this would mean that the GoE would contribute to acute needs arising in the case of emergency, as well as food security assistance within a development context.

More generally, only the Amhara, Oromiya, Tigray and Southern Nations, Nationalities and Peoples (SNNP) Regional States are presently covered by a food security program through their regional food security units. However, the programs of these regions appear to be uniformly imposed on other regions, regardless of a significant difference in livelihood systems (e.g., dry land areas, pastoralists etc). The major recommendations are:

- 10. The starting point of food security policy should be the country's poverty Reduction Strategy. ADLI should be evaluated with the assistance of the WB and donors for the impact it has made on chronic food insecurity and poverty alleviation.**
- 11. National and Regional food security strategies need further development. In particular, the GoE should develop plans, with donor support, for those areas presently not covered by a food security program. This is especially important for the pastoral areas, which have been adversely affected by drought in recent years and generally neglected by development initiatives over the long term.**

E. Other Food Security Related Concerns

The group also discussed a number of issues relating to sector development, including population, gender, health and market liberalisation. Each, in its own right, was perceived by participants to be central issues constraining the pursuit of food security. However, in many cases the margin between what is a constraint to development and what is a policy issue is blurred. The working group thus prefers that these issues be addressed within the forum of the Donor Assistance Group (DAG) comprising the wider donor community. As such, there are no specific recommendations in this regard arising from the retreat.