

ETHIOPIA FOOD AID EVALUATION

DRAFT LESSONS LEARNED

1. Macroeconomic Stability and Reform. Food aid can make an important contribution to helping a country stabilize its economy and jumpstart its productive sectors after the economy has been devastated by civil conflict. Food aid can also help a country take the next steps necessary to develop a sound macroeconomic environment.

By November 1991, the Ethiopian Transitional Government (TGE) had announced its intentions to develop a sound macroeconomic policy framework designed to restore economic order, jumpstart the economy, promote agricultural development, invest in rural infrastructure and promote food security. To help jumpstart the economy a \$650 million IDA-led Emergency Recovery and Reconstruction project (ERPP) was launched in July 1992 in cooperation with other donors. The U.S. Title III program supported these objectives by (a) freeing up foreign exchange that otherwise would have had to be used to purchase these commodities (wheat and cotton during year one and cotton during year two) commercially on the international market and (b) releasing government resources that would have been used to purchase these commodities for use to support other developmental activities.

How sustainable these reforms will be and the role that food assistance will play in helping to sustain and deepen these reforms remains to be seen. Substantial constraints to future growth still remain. The need for investments in infrastructure, especially in the rural areas, is massive. Plus, further steps need to be taken to reach the goal of more competitive and contestable markets. The Investment Code still reserves several areas, including large power, maritime services and telecommunications exclusively to the public sector. The initial steps in privatization have lagged behind original targets, and a number of parastatals have been sold to political parties. In several areas, parastatals are both monopoly and regulator. The financial sector in general, and the banking system in particular, is rudimentary and non-competitive. Constraints to the development of the agricultural sector include low levels of production technology, inadequate research and extension support, continued poor access to modern farm inputs such as seeds and fertilizers, limited irrigation, and declining soil fertility due to overgrazing, reduced fallow and rapid deforestation. Some also fear that the fact that the constitution reserves all land for the State will hamper the development of commercial farming which is expected to be one of the major sources in agricultural growth in the future.

2. Food Security Policy. When the U.S. and recipient government share a common concern with improving food security in the country and are in general agreement on the overall objectives of the policy reforms needed, conditionalities coupled with analyses which help to inform and deepen the policy dialogue can support the reform process and help keep it on track.

A food assistance program does not provide sufficient leverage to get a government to change its overall philosophy with respect to economic reform. The same argument could be made with respect to a cash transfer. The Title III program would not have been able to get the

TGE or the current government to agree to transform the Ethiopian economy from a state-managed to a more market oriented economy with much greater private sector involvement if this had not already been a part of its philosophy. These reforms are a necessary ingredient for sustainable food security in Ethiopia and the government has stated its commitment to these objectives and to improving the food security situation in the country.

Under these conditions, the policy dialogue process, which includes the negotiation of conditionalities and annual progress reviews, can help support and keep the reform program on track, by helping develop a broader consensus among the different concerned government institutions on the rationale for and importance of the various elements of the reform program. The Development Fund for Africa funded data collection and analyses also helped inform the policy dialogue process and refine program elements that had already been agreed to. The ability of the Title III program to make a contribution to the improvement of sustainable food security in the country is dependent on the government maintaining its overall commitment to moving Ethiopia to a more market oriented economy with more private sector involvement. Some, however, are questioning this commitment and are even suggesting that the continued availability of food aid, Title III in particular, is making it possible for the current government to backslide on its earlier commitments to allow the private sector to play a greater role in the country's development.

3. Relief to Development. Food for work on labor-intensive productive infrastructure can have a sustainable impact on the economy, whether undertaken in a relief or development context, when certain conditions are met. These conditions include: design and implementation of the works must be technically sound, sufficient complementary inputs are available, beneficiary communities and households receive economic benefits from the works beyond the immediate income transfer effect of the food, and adequate arrangements are made for the maintenance of the works over time.

To have a sustainable impact on the economy of a community, region, or the nation as a whole, the works themselves have to be sustainable. This requires that the works be technically sound and sufficient complementary inputs be available. A road built with food for work has no lasting impact, for example, if the engineering that is done is not technically sound and the road washes away after a couple of rains. Technical quality also counts when constructing terraces, building wells and irrigation systems and planting trees. These programs also require more than just labor to be effective. However, lack of counter-part funds and non-food inputs from donors to purchase complementary inputs, such as tools, cement, steel wire, or specific seeds for biological soil fixation, meant that these necessary inputs were not always available in the past. To be sustainable, works also have to be maintained. Lack of maintenance has been a big problem in Ethiopia. This is because much of the early soil conservation food for work was done on communal lands without insuring that communities understood how they would benefit from the works or getting their agreement to maintain them over time.

Both the government and the PVOs are committed to increasing the developmental impact of their food assistance programs. The government, in fact, recently announced a policy that all recipients of food assistance, even under emergency conditions and unless they are too young,

old or disabled, will have to work to receive food. As a practical matter, however, decisions that are made with the objective of increasing the developmental impact of the program may lessen the capacity of the organization to run an effective relief program and vice versa. For example, in order to have technically sound projects available for implementation during an emergency, organizations will have to develop shelf projects. The time required of technical staff to develop these shelf projects, however, is time taken away from development activities. The need for shelf projects also influences the location of activities. That is, it will be harder to identify development opportunities and to develop good shelf projects in areas with lower development potential. This means that organizations are likely to gravitate to areas with higher development potential, even though it is the areas with lower development potential that are more likely to be impacted negatively in an emergency. In fact, very mundane decisions about what kinds of activities to work on, where to work, what kinds of staff to hire, and what kinds of tasks to assign them to all involve making trade-offs between relief and development.

4. Political Stability. Even when implemented for the sole purpose of humanitarian relief, food aid provided during a period of civil unrest can have both the intended humanitarian impact and unintended impacts on political stability. During the mid-1980s, food aid reached its intended beneficiaries and clearly saved millions of lives. At the same time, food aid available to opposing political parties: the controlling government and the insurgent groups, impacted political stability by prolonging the conflict. Both political parties used food aid to strengthen their own political agendas.

During the Ethiopian famine of 1984, U.S. food aid was provided on the grounds of humanitarian relief and was specifically implemented primarily through PVOs in order to secure the most direct route for its intended beneficiaries. Fundamentally and most significantly, U.S. food aid saved millions of lives. However, food aid, funneled directly into Ethiopia as well as via the cross border program was used by its respective political factions to support and strengthen their own political agendas.

Just as USAID could not ensure that a portion of the food aid it was providing via the cross border program did not fall into the hands of rebel soldiers, USAID could not ensure that a portion of the food aid given to the RRC was not mismanaged or diverted to improper use by Mengistu's soldiers. Because food aid was made available to areas controlled by both the rebel forces and the Derge, food aid was used by both sides, to some extent, to strengthen their respective political agendas. In this way, food aid served as one factor among many in prolonging the conflict.

5. Political Stability. Food aid contributions to a recipient government's well managed food security reserve can help to stabilize the reserve's resources. By doing so, food aid can help to avert future famines and thus indirectly help stabilize the political environment.

In recent years the Food Security Reserve, which has benefitted from improvements due to increased attention by the current government, has enabled more timely allocation of resources for relief purposes. In response to this increased attention, USAID/Ethiopia's Title III Program has provided resources to the Ethiopian government's Food Security Reserve. In fact, it was

partly due to the Reserve's capacity that a major food crisis was averted during the drought of 1993/1994. Clearly, the current government, in adopting food security policies such as the National Policy on Disaster Prevention and Management, has illustrated its commitment to greater food security in light of the lessons they have learned from preceding governments about the political ramifications of food insecurity.

6. Nutrition Impact. Food aid, in the short term, can indirectly contribute to improving nutritional status by stimulating participation of mothers in the nutritional and health education and services provided in MCH programs. This contribution can be particularly significant when the country's existing health infrastructure is severely limited and malnutrition rates are high.

A 1996 evaluation of CRS Title II-supported MCH program shows that over the past four years, the nutritional status of program children has improved. Given that most food aid rations are shared among entire families, it is unlikely that the food ration alone had any significant impact on the nutritional status of targeted children.

At the same time, with MCH programs operating at maximum capacity and mothers waiting to enroll as soon as a space opens, the food ration appears to play a crucial role in attracting mothers to participate in the growth monitoring, counseling and nutrition and health education activities offered in MCH programs. Data show that most participating mothers have developed a competent understanding of their child's growth patterns and an awareness of appropriate interventions to take to strengthen the health of their child, which may have played an important role in nutritional improvements.

While all mothers initially enroll, primarily, to receive food aid, it appears that reasons for continuing to participate broaden over time. A large percentage of mothers would continue to participate in the MCH program even if food aid were not available because they have come to value the opportunity to follow their child's health and receive advice, education and the other services offered. Thus, it appears that the most significant role of food aid provided in these programs occurs in the short-term.

7. Equity. Food aid combined with sound macroeconomic and sectoral policies can enhance the participation of the poor in economic growth by creating productive assets and income generation opportunities in targeted communities.

Title II food aid supported development activities such as soil conservation, water development, access road construction, and reforestation can enhance agricultural productivity and improve access to markets. This combined with sound policies will enable farmers to market their production surpluses and increase their incomes. To the extent that the largest number of vulnerable people are poor farmers, income improvements could mean a significant reduction in poverty. Application of the new early warning system techniques for targeting vulnerable regions and zones, if successful, could result in a better distribution of the food assistance to the most vulnerable.

The institutionalization of FFW and CFW activities by the government in its recent national food security strategy should further enhance the participation of the poorest of the poor

in the economic growth of the country. Whether the FFW and CFW programs will have a long lasting impact will actually depend on the technical quality of the projects and on the degree of participation of local communities in the design, implementation and management of the projects. The record on sustainability in the past has not been good. On the other hand, more has also been learned about how to make these projects work. Sustainability also will depend upon the continued liberalization of markets and development of the private sector. As evident by the events of the Derge era, policies that frustrate the expanded participation of the private sector will prevent the realization of the benefits anticipated by food aid supported activities.

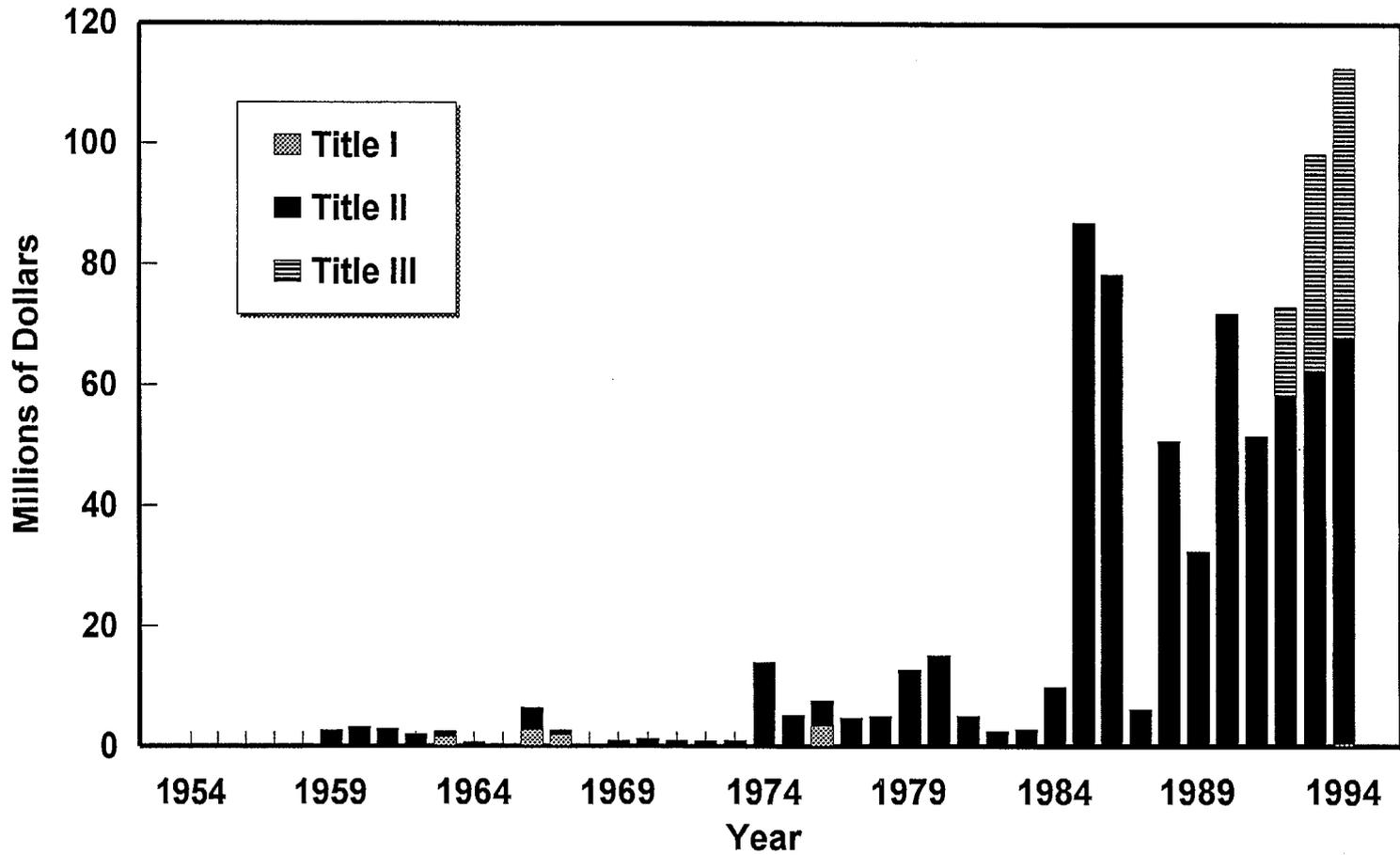
8. Equity. Bad governance and lack of community capacity to administer and oversee food aid supported programs, in target communities, can limit the participation of the poor since the programs will not be sustainable.

Poor people living in communities governed by corrupt and incompetent community leaders suffer from poor management and misallocation of food aid resources. Consequently, the most needy are left out and the food aid supported development activities become unsustainable and the expected productivity gains remain unrealized. Theft of food aid commodities by the responsible officials as reported in Wolaitta and favoritism of family and friends can unfairly exclude the poor from participating in the fruits of economic expansion.

9. Potential Pitfalls. Timing. Food aid is not always available at the right time.

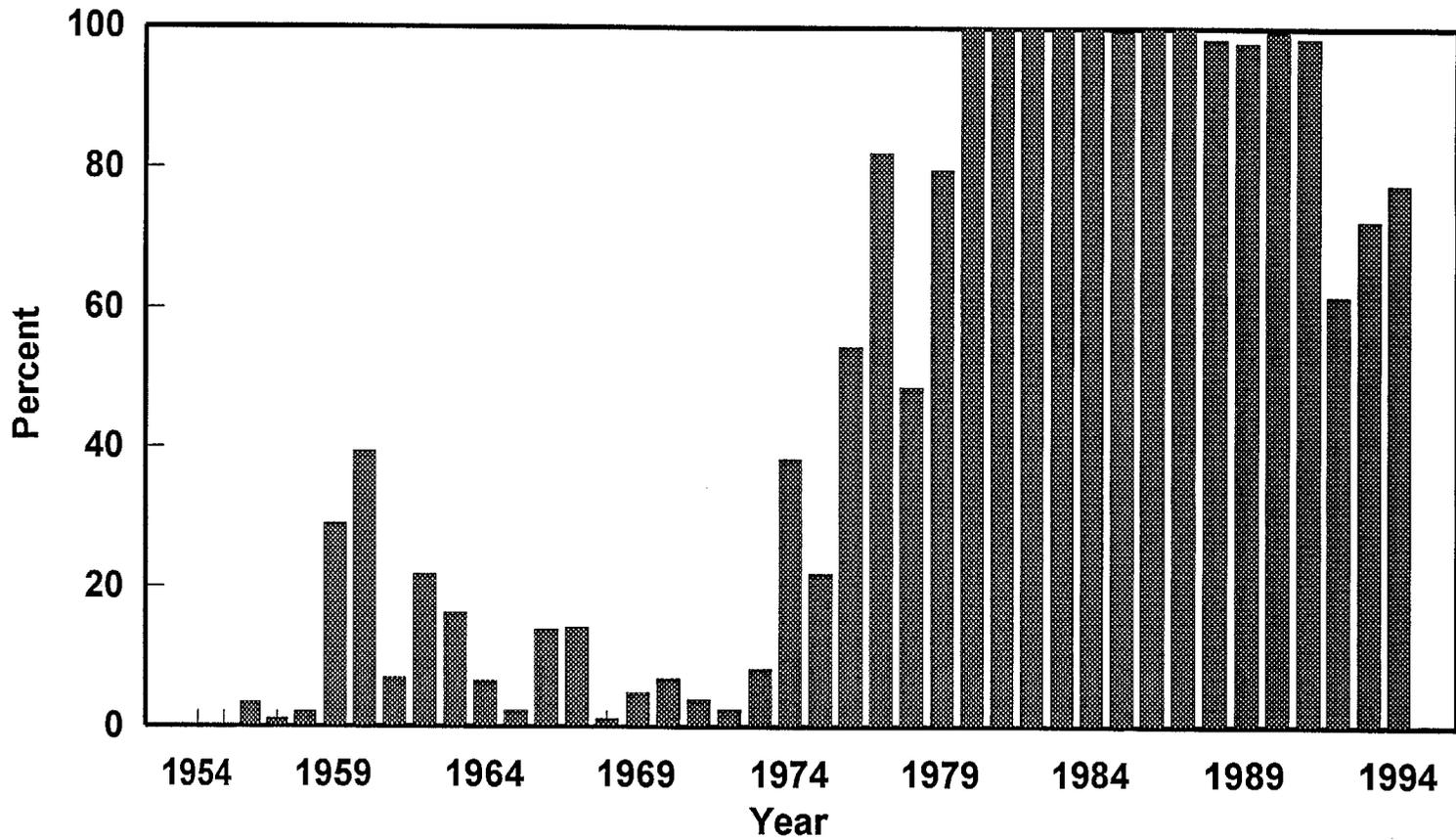
In a normal agricultural year, the major grain harvest takes place in Ethiopia in November and December and the time of the year during which grain availability from domestic resources is at its lowest is during the months of May, June and July. Ideally, to avoid disruption of the market and depressing prices, any grain to be imported under the Title III program would be imported during these latter months. In practice, Title III call-forwards have not taken place until later in the fiscal year with the commodities arriving in country toward the end of the calendar year, close to harvest time. This was not a problem in 1993, when cotton was the only commodity that was imported. It was a problem during the other three years of the program (1992, 1994 and 1995) when wheat and sorghum were imported, and it will be a problem with the wheat imports that are coming in under the first year of the 1996-1998 program. Part of the reason for these delays originated in country. However, much was due to budgetary and bureaucratic problems in Washington. The Mission was able to minimize any negative impact of this scheduling during the last two years by getting agreement from the DPPC not to monetize any of the Title III imports until after much of the domestic production had been cleared from the market. The grain consigned to the Food Security Reserve, which is only to be used to respond to emergencies, was also effectively isolated from the market.

Ethiopia, PL 480 1954-1994



Source: U.S. Overseas Loans and Grants

Food Aid as a Percent of Total U.S. Economic Assistance, Ethiopia, 1954-1994



Source: U.S. Overseas Loans and Grants