

**Foundation Established
For
Reducing Famine Vulnerability, Hunger, and Poverty**

Integrated Strategic Plan: FY 2004 to FY 2008



**USAID Mission to Ethiopia
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This Integrated Strategic Plan for Ethiopia was assembled by USAID/Ethiopia.
This Integrated Strategic Plan is a 'pre-decisional' USAID document and
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Additional information on the attached can be obtained from Karen Nelson, AFR/EA, USAID.

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ACRONYMS

ABEC	Alternative Basic Education Center
ADLI	Agricultural Development Led Industrialization
AfDB	African Development Bank
AFR	Africa Bureau of USAID
AIDS	Acquired Immune Deficiency Syndrome
AU	African Union
BDA	Budget Disbursement and Accounts system of GFDRE
CDC	Centers for Disease Control
CEWARN	Conflict Early Warning System for East Africa Region
CGPP	Community - Government Partnership Program of USAID
CIDA	Canadian International Development Agency
COMESA	Common Market for East and Southern Africa
CSA	Central Statistical Authority, under Ministry of Finance and Development
CSO	Civil Society Organization
CVA	Conflict Vulnerability Assessment
DAG	Development Assistance Group
DART	Disaster Assistance Response Team
DBS	Direct Budget Support
DCA	Development Credit Authority
DCHA	Democracy, Conflict, and Humanitarian Assistance Bureau of USAID
DHS	Demographic and Health Survey
DOD	Department of Defense
DPM	Deputy prime Minister
DPPC	Disaster Prevention and Preparedness Commission
EGAT	Economic Growth, Agriculture and Trade Bureau of USAID
EMPOWER	Ethiopian Management of Participatory Opportunities for Women in Extension and Research
EPRDF	Ethiopian People's Revolutionary Democratic Front
ETOA	Environmental Threats and Opportunities Assessment
FFP	Food for Peace
FGM	Female Genital Mutilation
FPF	Famine Prevention Framework
FY	Fiscal Year
G - 8	Group of Seven Industrialized Nations, plus Russia
GFDRE	Government of Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
HEP	Health Extension Package
HIPC	Highly Indebted Poor Countries Initiative
HIV	Human Immunodeficiency Virus
HSDP	Health Sector Development Program
IDA	International Development Association
IDFA	International Disaster and Famine Assistance
IFPRI	International Food Policy Research Institute
IGAD	Inter-Governmental Authority for Development
IMF	International Monetary Fund
IR	Intermediate Result of a Strategic Objective
MCA	Millennium Challenge Account
MDG	Millennium Development Goals
NCFS	National Coalition for Food Security
NDPP	National Disaster Prevention and Preparedness Policy
NGO	Non-governmental Organization
NOAA	National Oceanic and Atmospheric Administration
OFDA	Office of Foreign Disaster Assistance under DCHA bureau
PEPFAR	President's Emergency Plan for AIDS Relief (U.S. Government)
PRSP	Poverty Reduction Strategy Paper
PSCAP	Public Sector Capacity Building Program

PSO	Program Support Objective
PTA	Parent-Teacher Association
PVO	Private Voluntary Organization
R2D	Relief to Development project of USAID
RCMG	Regional Conflict Mitigation and Governance Office, REDSO
REDSO	Regional Economic Development Support Office of USAID, Nairobi
REKSS	Rural Economy Knowledge Support System
SDPRP	Sustainable Development and Poverty Reduction Program
SNNPR	Southern Nations Nationalities and Peoples' Region
SO	Strategic Objective a USAID Strategy
STI	Sexually transmitted infections
SWAP	Sector-Wide Assistance Program
TB	Tuberculosis
TEI	Teacher education institution
TPLF	Tigray People's Liberation Front
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USTR	United States Trade Representative Office
USG	United States Government
USGS	United States Geological Survey
USTDA	United States Trade and Development Agency
WFP	World Food Program
WMU	Welfare Monitoring Unit in the Ministry of Finance and Economic Development

EXECUTIVE SUMMARY

USAID/ETHIOPIA INTEGRATED STRATEGIC PLAN

The Strategic Challenge

Ethiopia is an ancient country with a modern problem – high levels of poverty and slow economic growth. In five of the past seven years, the 85 percent of Ethiopians who live in rural areas did not produce enough food to feed the country's nearly 70 million people. Commercial import capacity was insufficient to fill the food gap, so donors came forward with food and cash relief resources to avert famine and starvation. USAID alone provided \$1.049 billion¹ in food and non-food related humanitarian assistance over this seven-year period. In those few years when farmers realized better harvests, poorly-performing markets cut the bottom out of prices farmers received for their crops, reducing incentives to invest in improved production technologies and adding market failure to the risk of insufficient rainfall.

During the last 30 years, the cycle of famine in Ethiopia has repeated itself again and again. Each time, the number of hungry and destitute rises, along with the toll of human suffering and disease; social unrest and conflict have been averted in the last decade by the massive response of the international community. If current trends continue, by 2010: food deficits will nearly triple, significantly expanding the need and cost for humanitarian assistance; the number of malnourished children² will increase by 10%; and per capita incomes will remain at or below today's level of \$100 per year³. The increasing rate of HIV/AIDS infection is beginning to exact a high toll, particularly on malnourished adults and children.

A more prosperous and healthy future is possible. Ethiopia is endowed with fertile land, abundant water, extensive and unique biodiversity, diverse agro-ecological zones, rich culture and heritage, entrepreneurial and hard working people and proximity to important markets. A recent USAID-funded assessment concluded that the number of food-insecure people (currently 44% of the population, or 31 million men, women and children) can be halved in 10 years if actions sufficient to accelerate agricultural growth rates to 6.6⁴ percent per year can be launched. By 2010, cereal production could increase 25%, and per capita incomes could grow by nearly 50%, assuming increased productivity in both farm and non-farm sectors.

Realizing this future will entail not only substantial changes in Ethiopian policy, but also a significant coordinated effort by donors. Specifically, it will require (a) the political commitment to open Ethiopia's economy to trade and investment, with clear and expanded roles for the private sector and civil society, (b) incentives and technologies for greater investment in an increasingly commercial smallholder farm system, (c) targeted support to households with too few assets to be able to deal with recurrent climatic shocks without the help of emergency food aid, and (d) an alliance of national and international development partners committed to an integrated effort to prevent famine.

The Strategic Vision

To meet these challenges, USAID/Ethiopia has developed a strategy to manage the transition from an emergency response-dominated program to one which proactively builds capacity to prevent famine and also promotes economic growth, especially in the agricultural sector. The goal of this strategy is increased capacity of government, the private sector, nongovernmental organizations, communities and households to

¹ This comprises \$974 million food and \$75.4 million non food relief assistance.

² An estimated 50% of Ethiopian children are malnourished. The present trend would increase by 34% the number of malnourished children by 2020.

³ Per capita GDP is estimated at \$91, making this one of the lowest in the world.

⁴ The preliminary assessment estimated the required agriculture sector growth at 6.6%. More recent analysis indicates that combined growth in staple crops with growth in livestock and nontraditional exports would achieve a 5.3% growth rate in agriculture, reducing the poverty rate to 28 % by 2015. (Xinshen Diao, *et. al.*, Growth Options and Investment Strategies in Ethiopian Agriculture, IFPRI, June 2004.

generate economic growth and to build a foundation for permanently reducing famine vulnerability, hunger and poverty. To achieve this goal, the Mission proposes to:

- Rebuild and protect assets of the “chronically food-insecure” (i.e., those who no longer can produce or earn enough to survive) so that they do not need annual emergency food delivery and can participate in and contribute to rural economic growth;
- enable markets and private investment to generate economic opportunities and increase productivity in both the agriculture and non-agricultural sectors;
- facilitate good governance at national, regional, and *woreda* (district) levels;
- invest in peoples’ health and education so that they are better able to manage difficult times and to succeed when opportunities are available; and
- improve both emergency prediction and response.

Success in this strategy will mean that within three to five years, Ethiopia will begin to experience a sustainable, high agricultural growth rate; a vibrant and growing private sector participating in global and regional as well as domestic markets; one million chronically food insecure people who are off the emergency rolls and part of those contributing to rural growth as they become self-reliant; stable or declining HIV/AIDS prevalence rates; better health, especially in rural communities; higher contraceptive prevalence rates; increasing primary school completion rates, with girls’ parity; better community management of social services, e.g. schools, health care, water supply, HIV/AIDS; and an increased pace of political and economic reform and rural transformation.

The balance of resources, however, must change, with fewer resources delivered in the form of food aid and more in the form of cash, technical assistance, local infrastructure, or training resources. Food aid will continue to be an important component of asset building operations (food for work, food for relief) but the flexibility of monetary resources in the asset building programs will reduce program costs and, at the same time, support the growth of effective and sustainable markets and provide the chronically food insecure with more options to invest in assets that can help them earn income.

Why does Ethiopia remain such a famine prone country?

Government policies since 1991, when the Ethiopia Peoples’ Revolutionary Democratic Front (EPRDF) took power from the communist Derg regime after a long civil war, have resulted in limited economic development and an increasing number of chronically food insecure. According to World Bank data, over the last decade agricultural production has increased by 2.2% annually. Unfortunately, with a population growth rate of 2.7%, the average per capita agricultural production actually decreased over the period. Yields decreased by an average of 1% a year because of land degradation, low fertility inputs and land tenure issues, while the area under production increased -- by 3.2% a year on average -- as farmers cultivated fragile land on the hillsides.

The original cornerstone of the Government of Ethiopia’s (GOE) development platform, Agricultural Development-Led Industrialization (ADLI), called for increased production and productivity of the smallholder. Not enough emphasis was given to development of markets. Although the government made significant investments in road and transport infrastructure, the growth of markets for goods and services needed to support agricultural growth were constrained by state controls in the financial sector, restraints on business start-ups, and a general lack of experience of the population with marketing operations. The GOE has undertaken a series of steps to move forward by articulating an industrialization policy that recognizes the private sector, developing a food security policy, and, most recently, forming the National Coalition on Food Security. The GOE has a vision of economic growth driven by an increasingly commercial smallholder sector and strong support for industry linked to the agricultural sector.

A window of opportunity has been opened by the Government of Ethiopia in the National Coalition on Food Security discussions for the donors to work closely with the Government and people of Ethiopia to build a more solid base for economic recovery and growth, grounded in Ethiopia’s comparative advantages in agriculture. With such a large percentage of its people working in this sector, Ethiopia must rely on agriculture in the near term for development. The GOE is now committed to opening the economy to trade

and investment, to empowering regional and district (woreda) governments to develop local solutions for local problems, and to investing in productivity-enhancing infrastructure and extension efforts.

The degradation and overuse of land has been aggravated by alarmingly high population growth rates, which have served to reduce farm size and productivity. Few non-farm opportunities for work, however, mean that there are few internal migration options available to farmers. And the risks for farmers testing out the job markets off-farm are high. They might return to their farms to find the land, over which they have no secure tenure rights, redistributed to others. Recently, though, the government has encouraged regional governments to undertake land certification programs that will provide a measure of tenure security to farmers. When the legal framework becomes clear, such certification would not only provide some short-term security to farmers wanting to step away from too-small farms, but should spur productive investment by farmers in the land. Land certification is being implemented in three regions as a means of providing tenure security and will be extended to other areas.

Poor health care services and high disease incidence have also had negative effects. Less than 50% of the population has access to primary health care facilities in the rural areas and over 50% of all children are stunted because of malnutrition. Regular immunization levels are low and measles and malaria remain major killers. Thus, when drought or economic downturns hit, famine conditions quickly set in. The picture of high levels of mortality among people who are already weak from malnutrition and have limited access to health care services is one that has been seen too often in recent years.

The historical centralization of Ethiopia's government has concentrated decision making at the central government level and top level decisions are communicated outward for implementation. This has often led to a "campaign mentality," in which directives for action have forced inappropriate technologies or a dangerously accelerated pace of change across a very diverse country. The positive results of a maize-growing or water harvesting campaign are then overwhelmed by the stories of failures. Similarly, the voluntary resettlement program designed to provide an outlet for those willing to relocate to less populated and potentially more productive areas has potential but also problems because in some cases people were moved before adequate infrastructure was put in place. Regional and local level officials need to make sound development decisions that are appropriate for their communities and implement them.

New Points of Departure

Since 2000, the GOE has instituted several significant policy and strategy changes. The government agrees that it must address the root causes of the growing food insecurity. For the first time in 2003, the GOE agreed with all major donors on a detailed policy agenda, under the Sustainable Development and Poverty Reduction Program (SDPRP) and the World Bank-led Poverty Reduction Support Credit (PRSC) policy matrix, needed for poverty reduction and food security. This process, now formalized under the PRSC, is encouraging, and will continue and deepen.

The government has welcomed investors, both foreign and local, through streamlined processes for permits and licenses, and through easier access to (still state-owned) land. The federal government established a regular public-private dialogue process with key private sector actors, while regional governments have set up industrial zones to attract investment in their regions. The GOE is proceeding with its World Trade Organization application, and is scrutinizing needed changes within its own systems to open up the economy and trade to be eligible for WTO accession. More immediately, the government is taking action to join the Common Market for East and Southern Africa (COMESA) free trade area.

The GOE has recognized that famine vulnerability, hunger and poverty are a matter of national security, and that the country's political stability rests on the ability of the government, in cooperation with international donors, NGOs and local groups, to address these issues. Also, the GOE has begun to allow non-state actors, specifically the private sector and civil society, to expand and play a much greater role in the Ethiopian society and economy. There is a nascent, but growing, Ethiopian private sector, especially related to agriculture and a growing Ethiopian civil society capable of articulating and managing new issues.

What will USAID do and how will it affect famine vulnerability, food insecurity and poverty?

Given that the average per capita income of an Ethiopian is less than 30 U.S. cents per day and most face the risks associated with rain fed agricultural production conditions and market failures, most Ethiopians qualify as “poor, food-insecure, and vulnerable to famine.” In this famine prevention strategy, however, USAID proposes to target different kinds of assistance to different groups within this population.

A multi-donor asset building program will be extended to those poor families who are destitute (experiencing chronic food insecurity) and marginal (likely to suffer food insecurity and loss of assets when drought, market failure, or other downturns strike). A broader growth-oriented program will reach out to and include the rest of the rural population – poor, but with assets to build on and access to markets. Credit must be more widely available, competitive markets need to provide inputs and to link the producers with the markets at all levels, new technology must be introduced and replicated, infrastructure such as telecommunications and roads must be expanded, market towns close to farmers need to be expanded, quality standards must be met, and value needs to be added to the many agricultural products produced in Ethiopia before export or final sale. In addition, the policies encouraging agricultural growth, and private sector development, need to provide correct incentives and appropriate legal framework.

Geography, of course, will be taken into account. Ethiopia is a large country and has an incredibly complex agro-ecology. Simplifying somewhat, the eastern and northern highlands are generally highly populated, with environmentally degraded land, lower agricultural potential, higher risk of drought or another natural shock, larger number of the chronically food insecure, and less infrastructure such as roads and water. The western part of Ethiopia, including the lowlands close to the Sudanese border, has generally higher agricultural potential, better and more consistent rainfall, less population and less degraded soils than the eastern highlands. Parts of the southern and eastern areas are more desert-like, with mainly pastoralists living in these areas with large livestock populations. There is generally poor infrastructure, relatively few roads, and very low population density. The pastoralist households require very different support and needs than the farmers in the rest of Ethiopia.

A Targeted Asset Building Approach

First, five to seven million Ethiopians are estimated to be “persistently poor” and suffer from chronic food insecurity⁵. These are the most destitute people who have lost all or most of their productive assets and have few ways to cope. They thus require some emergency food or other assistance during some part of the year just to stay alive. They might have a little land, but no oxen to plow it. They might grow some grain for consumption, but pitifully little compared to needs. They might be pastoralists with a herd decimated by recent drought. They might be landless laborers, but with no jobs or earning less than needed to live. They might have a large family, and thus access to labor. Extremely poor health status and high malnutrition are, however, likely to limit income-earning possibilities. These families are the most affected by any shock, such as drought or a severe downturn in the price of coffee. They cannot make it through the year without some form of emergency assistance just to keep their families alive. Worse, their number is growing.

The multi-donor asset building program is specifically focused on rebuilding the assets and livelihoods of these chronically food insecure people, either on- or off-farm. For its part, USAID will target one million of the chronically food-insecure in selected woredas, or districts, with the highest levels of chronically food-insecure people. These are likely to be the chronically food insecure in woredas located in the eastern highlands and the pastoralist areas, where the needs are greatest. By providing assurance of food or other emergency assistance over several years, and improving health and education at the same time, the chronically food insecure will be able to take the risks needed to increase productive assets, grow new products, or look for work, knowing they will not starve by taking such risks.

Title II resources, famine funds, and other assistance resources, may support programs such as food for work, food for health, food for education, or cash for work. Such interventions will be designed to protect what meager assets this population might have, and, more importantly, to transfer resources to allow them to

⁵ The term “chronically food insecure” has been used within the donor community to distinguish those food aid beneficiaries who every year need some amount of food assistance from those covered in the GOE’s emergency appeal. To make this distinction, a major policy initiative by food aid donors in 2001 encouraged the GOE to recognize the distinction and to set aside a portion of its own budgetary resources to cover the group. The amount budgeted has grown from Ethiopian Birr 50,000 in 2001 to 1 billion Birr in 2003. This is an increase from under \$6,000 to \$116 million.

build assets sufficiently to move them out of the chronically food-insecure category. Strengthening primary health care and primary education programs in the same targeted areas will improve health and education at the local level, giving them more options to cope with destitution and to build other productive assets.

Examples of community health programs would include immunizations for children, malaria protection, family planning services and potable water and sanitation interventions. Expansion of HIV/AIDS treatment, care and support and prevention programs, commensurate with the Presidents Emergency Plan for AIDS Relief (PEPFAR) targets, will bring these services to rural areas for the first time.

At the primary school community level, USAID would focus on getting parents more involved with the schools, providing matching grants for expansion of classrooms or building latrines for girls, for example. The asset building program will promote better health and education potentially through nutritious food transfers linked to school attendance and health clinic visits, again showing the integration of relief and development objectives.

Second, there are an estimated 26 million Ethiopians who are the “transitional poor.” These mainly rural poor require assistance when shocks occur, grow some food but enough to barely sustain themselves and their families, suffer from high rates of malnutrition, and could just as easily slide into the chronically food insecure group if they do not receive timely and appropriate assistance when shocks occur. These are families with land but may lack a pair of oxen to farm or plots are too small to support the household. Or they have a small plot of land that has lost its productivity because of severe soil erosion or lack of fertilizer, or is marginal land up on a hillside as cultivated area expands with population increases. These are households with few assets to expand the productive use of their land, or lack access to new technologies or markets.

USAID asset building programs will also support the transitional poor in the most vulnerable targeted regions, by helping these families to build assets and to diversify and expand ways in which they can earn income or grow food crops. For example, USAID will support areas such as agro-forestry, watershed management, adoption of new drought-resistant crops and agronomic practices, efficient simple irrigation technologies, activities such as seed nurseries, bee-keeping, and improved livestock management. In addition, producers will be assisted in marketing their products.

Getting a Rural Growth Dynamic Going

The third category of the rural poor in Ethiopia includes the estimated 27 million “stable poor” or poor with potential and assets to become better off and even well off in Ethiopia. These are households that are generally food secure and have sufficient assets to withstand shocks as well as some potential to grow. These households have adequate land, most likely in high potential areas with good soils and good rains, and may be close to existing market towns and input supplies. These households suffer from lack of access to credit, to new technologies and to competitive markets. They most likely grow grain crops for both household consumption and to sell to meet relatively small cash needs. They also most likely plow their fields using oxen and plows, the same technology that was used 2000 years ago in Ethiopia. If they had low-cost irrigation technology, they could most likely significantly expand production because they are professional farmers, but they would still have marketing problems. They also most likely have large families, but may have better health because they are closer to towns and thus health facilities.

USAID resources for accelerating economic growth and agriculture are limited, at least until changes in Ethiopia warrant focused initiative resources for agriculture and growth. USAID will thus focus and target market, agricultural productivity and technology development programs. First, and most importantly, USAID will focus on four key product areas – coffee, livestock⁶, horticulture, and food grains -- where we already have experience and whose production and processing touch on millions of Ethiopians across the country. In addition, USAID programs in support of market, technology and productivity development will work in woredas where the USAID asset building programs will be targeted. In all agriculture and private sector programs, USAID will coordinate closely with government and other donor programs and leverage other donor funds within focus areas.

⁶ The focus on livestock includes both pastoralists and those farmers who use livestock for traction and for sale directly to markets. The idea is to link livestock owners, wherever they are, to the growing markets including new private abattoirs.

Education, Health and Famine Vulnerability

Social indicators for Ethiopia demonstrate that the vast majority of the population is severely compromised in terms of health and education. Ethiopia is in a state of chronic excess mortality, meaning that the mortality rate for children is extremely high. Even in a non-drought year, Ethiopia has 472,000 deaths of children less than five years of age, mainly from preventable causes such as diarrhea, malaria, and acute respiratory infection. A full 58% of all under-five deaths stem either directly or indirectly from malnutrition. The unmet need for family planning is about 36% and about one-fourth of deaths of women age 15-49 are pregnancy-related. Less than 50% of the population has access to health services. Only 20% of the rural population has access to safe water. Adding to the complexity, the annual per capita expenditures for health from all sources is very low, \$5.60 versus an average of \$12.00 per person in the Africa continent and almost \$4,900 in the US.

Ethiopia is one of the focus countries under the President's HIV/AIDS initiative. There are an estimated 2.2 million people in Ethiopia infected with the HIV virus. The HIV/AIDS pandemic has resulted in over one million children orphaned. The loss of family and community members, the capacity to cope, and income and the associated costs of care and treatment for people living with HIV and AIDS combine to push individuals and families deeper into poverty. This inevitably increases vulnerability to shock and famine.

Issues of overcrowding and lack of materials, trained teachers and infrastructure plague the Ethiopian education system. Ethiopia's low levels of education and literacy are closely linked to the health and HIV/AIDS problems. Although gross enrollment rates have more than doubled in the last ten years, only about nine million (5.1 million boys and 3.6 million girls) of the 13 million primary school-age children are currently enrolled, with high drop-out and repeater rates. Poor health decreases attendance and completion rates, and impairs children's ability to learn. Conversely, schools are proven points of entry to improve health and sanitation as demonstrated during the 2002-2003 drought when school feeding programs maintained the nutritional status of 153,000 children in school.

USAID will focus its primary education and health care programs to directly support community-based services. USAID will work with local authorities and community groups to improve routine health and education services and increase community participation essential to prevent and mitigate the impact of a crisis and improve response to disasters. Besides working to improve health and education services, USAID will incorporate emergency preparedness actions at the community level such as promoting community emergency health councils and community emergency plans, pre-positioning essential commodities in drought vulnerable areas, incorporating emergency health response training in public health curriculum, and strengthening the national health surveillance system and early warning system.

Good Governance and Famine Vulnerability

The dramatic nature of Ethiopia's cycle of famine is linked to the country's long history as an autocratic feudal state and then Marxist dictatorship. Democratic governments have to win elections and face public criticism, and have strong incentive to undertake measures to avert famines and other catastrophes. Ethiopia's experience with democratic elections, good governance, accountability and openness is relatively recent, since the new government took over in 1991. However, the governing coalition party exerts strong influence on the country's economic and political life, and mechanisms for ensuring government accountability – namely public debate, civil society involvement in policymaking, and citizen access to information – are still being developed and improving. At the same time, many of the problems that contribute to Ethiopia's continuing high vulnerability to famine stem from weak capacity of regional and local officials to deal with the effects of shocks such as serious droughts. During the 2002-2003 drought, this lack of capacity had a severe impact in the most drought affected areas, for example delaying necessary emergency health interventions since local authorities had little ability to anticipate or respond to the unfolding crisis. The threat of conflict also hampers the capacity to adequately respond to emergencies, because of security concerns, lack of access to the areas, or lack of disaster preparedness. Much of the

conflict in Ethiopia is over access to resources, heightened by drought induced scarcities, for example, water and grazing access for pastoralists.⁷

Good governance is at the center of needed changes to address famine vulnerability, hunger and poverty. For example, regional and local government accountability, policy reform and women's economic and political empowerment are common themes. All of these require improving government capacity to deliver services, including early warning of disasters and improved basic education and health services. It also requires the capacity for civil society and government to engage in constructive dialogue on the country's economic needs and developmental priorities. Steps were taken in this direction during the formulation of the SDPRP. However, studies of the SDPRP process in Ethiopia and other countries often find that civil society engagement in policy dialogue on the macro framework is impeded by a lack of capacity.⁸ In Ethiopia, the practice of including civil society in development policy dialogue is new.

USAID plans to support, along with other donors, programs that will build the capacity of Ethiopian civil society to more actively engage in public policy dialogue; carry out needed services, especially at the local level; and, increasingly look for public sector accountability for actually carrying out promised actions. In addition, USAID will support mechanisms to manage and decrease local level conflict through the government and local organizations. USAID will also fund the expansion of a successful decentralized budget and accounting system to all regions and woredas in Ethiopia to help local officials better plan and budget funds for social services. USAID/Ethiopia will work with civil society, private media, religious institutions and other partners to improve women's participation in economic and political decision-making. By bringing women into the process and giving them the tools they need to effectively participate in political processes, they will be able to advocate for improvements in women's rights and the status of women in Ethiopia. USAID/Ethiopia programs and activities will provide training and technical support to and strengthen CSO networks that advocate for gender equality and women's rights, such as the Ethiopian Women Lawyers Association and the Network of Ethiopian Women's Associations, among others.

Increasing the Capacity to Manage through Shocks

All countries are subject to shocks, including recurrent shocks. What distinguishes a food secure state from a fragile state is its ability to cope with these shocks. At the household level, the ability to cope with shocks depends on the strength of the coping strategies. Shocks that affect households and the communities they live in can be natural, economic, political or social/health-related. The recent drought in Ethiopia is simply the last in a series of shocks including the lack of recovery from past droughts with its subsequent environmental degradation, the price collapse after the last bumper harvest of 2001 resulting in a high level of farmer indebtedness, the sharp deterioration in coffee prices, the livestock ban in the Arabian and Gulf states, and the conflict and continued border closure with Eritrea. At the household level, these shocks have resulted in a cumulative deterioration of assets for those least able to cope.

A strong functioning crisis management strategy in Ethiopia is essential to prevent even minor shocks from escalating into large scale disasters. The increased capacity to anticipate and manage through shocks is a critical component to reduce famine vulnerability. The challenge is to improve the existing system to provide better early warning signals based on a solid understanding of how households make their living and incorporating health and disease surveillance information with traditional early warning indicators on weather and production. Also, local officials and community leaders must be trained to implement the improved system and to take responsibility to report immediately when disasters start.

USAID will act as a catalyst in crisis management with technical assistance and other types of support to develop common approaches, to support a government-led process with joint agency buy-in, and to build capacity to implement new approaches. This will build on the positive momentum of the joint donor-government collaboration established during the 2002-2003 emergency. This will build on the government's recent disaster management reforms and commitment to set up disaster preparedness and response units in key line ministries, such as health and water.

⁷ The GOE created the Ministry of Federal Affairs in 2001 to address regional affairs, including pastoralist policy and reducing conflict. USAID has partnered with the Ministry since 2003.

⁸ Press release of the Bretton Woods Project, September 17, 2001.

CHAPTER ONE: OVERALL ASSISTANCE ENVIRONMENT

1.1 Ethiopia: The Land of Thirteen Months of Sunshine

Ethiopia has a wide range of agro-ecological and climatic zones and despite major environmental degradation and even destruction in some areas; there are large areas with fertile soils, ample rainfall and ideal growing conditions for a wide range of both staples and horticultural crops. The country has 12 major river basins and 11 freshwater lakes. Irrigation covers only 5.3% of a potential 3.6 million hectares of land suitable for irrigation. Tremendous potential also exists for hydropower generation that could provide the energy to promote economic growth. Ethiopia has the largest livestock population in Africa (35 million cattle, 42 million sheep and goats, one million camels and seven million horses and donkeys). Middle Easterners continue to prefer the taste of African fat-tailed sheep and other breeds to Australian or South American breeds. Ethiopia has demonstrated that it can produce leather goods to international standards as shown by its initial penetration of European, especially Italian, markets. Fine hand woven textiles are also a hallmark of traditional culture. Farmers have demonstrated that with the correct timing and sequencing of inputs and technologies they are capable of producing bumper crops such as maize, wheat and teff. Ethiopia can manage a supply chain and produce to world standards, as its daily cargo shipment of tons of green beans to Europe demonstrates, and there are other encouraging horticulture developments (e.g. high quality rose exports to Europe). As the birthplace of coffee and with Arabica being the only variety grown, Ethiopia could probably capture a significant share of the specialty coffee market if improved production and processing techniques were adopted.

With 69 million people⁹ from 83 ethnic groups and languages, in an area almost twice the size of Texas, Ethiopia is the second most populous country in Africa. The main ethnic groups are the Oromo (32%), Amhara (30%), Tigre (6%) and the Somali (6%).¹⁰ In the early 1990's Ethiopia embarked on what Prime Minister Meles called the great "Federalist Ethnic Experiment" in which power began to be devolved to the regions. There are nine ethnically-based national regional states and two special administrative areas (the cities of Addis Ababa and Dire Dawa). In the decade since, issues have arisen that may as much be a result of uneven allocation of development resources and poor capacity as they are the result of ethnicity and ethnic rivalries. Religion plays a major part in the lives of most Ethiopians and religious networks reach even the most remote parts of the country, although unlike elsewhere in Africa there is not a strong tradition of religious health care or education facilities. The major religions in Ethiopia are Orthodox Christianity (51%), Islam (33%), Other Christianity (11%) and Animism (5%).¹¹ Unlike many countries in the world, to date there is remarkable religious tolerance and harmony.

Ethiopia has an important geo-political position in the Horn of Africa and the continent. It is the diplomatic capital of Africa, being the center of operations of the Africa Union and the U.N. Economic Commission for Africa. With one of the largest and strongest armies on the continent, when Ethiopia chooses to play peacemaker, it is respected by all parties. In a region of instability, Ethiopia is generally able to maintain relative peace within the country (despite minor periodic outbursts of ethnic or regional violence) and with its neighbors. Ethiopians have joined peacekeeping operations in Burundi and Liberia. Ethiopia has been able to maintain excellent relations with the Gulf States, which are important markets for livestock and other goods. Once quality standards are improved, they will constitute an even bigger market.

While some tourists arrive to explore Ethiopia's ancient Orthodox Christian and cultural sites, tourism remains under-developed. The Rift Valley that extends through much of the center of the country is an archaeological paradise. The origin of humankind is here, as documented by the find of "Lucy" and other more recent discoveries. Wildlife has diminished in numbers but can still be viewed in certain locales. Ecological, historical, and cultural tourism all offer considerable possibilities for development.

⁹ Median estimate for July 2003

¹⁰ For all statistical references, please refer to Annex 1.

¹¹ Note, the breakdown by religion is a sensitive issue and not all sources agree. These percentages are from the UNDP Development Cooperation Report, 2003. Some sources estimate that Christian and Muslim populations are approximately equal, with the latter increasing at a more rapid rate.

Then why does the United Nations Development Program (UNDP) rank Ethiopia 169 out of 175 countries in the Human Development Index (2003)? Why is Ethiopia so famine-prone and one of the poorest countries in the world, with GDP per capita estimated at less than \$100. After describing some of the difficult realities of the country, this strategy will describe why there is a renewed sense of optimism for the country.

1.2 Humanitarian Complexities, Development Challenges, and Reasons for Optimism

Political Context: Ethiopia's experience with democratic government is very recent. For much of its history Ethiopia was a feudal monarchy. In 1974, Emperor Haile Selassie was overthrown by urban groups and replaced by a military committee known as the Derg, which instituted socialist-communist centralization along Marxist-Leninist lines. Derg policies such as state management of the economy were disastrous and contributed partly to the great famine that ravaged Ethiopia in 1984-85. The number of people living in destitution began to accumulate from that time, and threat of famine still plagues Ethiopia as some rural Ethiopians have never recovered.

In 1991, armed resistance groups overthrew the Derg. The Tigray People's Liberation Front (TPLF), in alliance with other armed resistance groups such as the Amhara National Democratic Movement and the Oromo People's Liberation Organization, formed a coalition government under the name of Ethiopian People's Revolutionary Democratic Front (EPRDF). The new government initially continued some of the socialist economic policies of its predecessors, albeit slowly liberalizing some aspects of the economy.

The EPRDF, in a new Ethiopia constitution, established some of the most democratic structures in Ethiopia's history. For the first time opposition parties are allowed to exist and contest elections against the incumbent government. However, the EPRDF continues to dominate Ethiopia's political life and opposition parties face major hurdles in organizing and contesting elections and have not attained elective office in any significant numbers. Day-to-day control of the population, both urban and rural, has been significantly reduced in comparison to life under the Derg regime.

Nevertheless, the EPRDF continues to place considerable emphasis on management of change through central bureaucratic direction, or through the mechanism of the EPRDF constellation of regional, nationality-based parties. Political decentralization, which began after the EPRDF came to power in 1991, has led to uncertainty as to the relative authority, not to mention funding, between the regional and federal government. Development gains have not occurred equally throughout the regions. Local government and civil society capacities and their commitment to influence their own development are uneven, as is the Government's capacity at all levels to be responsive to citizens' needs. Local non-governmental organizations (NGOs) and civil society organizations (CSOs) do exist and are growing in importance, but outdated legislation impedes their free participation in public debate and their ability to advocate for government accountability.

The Ethiopian Government has recognized however that it cannot achieve its development agenda from Addis Ababa alone and is beginning to be more receptive to the participation of other actors, public and private, at all levels. The Ethiopian Government also instituted a broad fiscal decentralization program in 2001, with general revenue block grants going to woredas (district) for local officials to decide how to use the funds for social services.

Security: Ethiopia is located in an important region that has been plagued by chronic instability, cross-border conflict and interstate wars. In 1993, Eritrea peacefully established its independence from Ethiopia. Despite initial agreements by both sides to abide by international determination of the border following the Eritrea/Ethiopia War (1998-2000), tensions remain high between the countries and final demarcation has yet to take place. Ethiopia's dependence on Djibouti's port creates vulnerabilities, especially to terrorism due to Djibouti's vocal support of the U.S. Global War on Terrorism. Relations with Sudan currently seem to be improving while Somalia relations are more tenuous with different Somali factions. Internally, there are many potential triggers for violent conflict, as demonstrated recently in the Gambella National Regional State.

Pastoralism is the predominant livelihood strategy for approximately 4 million Ethiopians on approximately 60 % of the land. Traditional conflicts over water, pasture, and cattle rustling, commonplace for centuries, have been exacerbated by the easy availability of small arms and complicated by modern political and economic factors. A range of potential conflict triggers exist in the pastoral areas including their social, cultural,

economic, and political marginalization. With ethnic federalism, political representation is linked to geographic territory, creating problems in pastoral areas where land is traditionally commonly owned and nomadic people are used to ease of movement. In fact, it is in these marginal or “emerging” regional states, particularly in the East and near Somalia, that the full breadth of democratization has been slow to be implemented. The high-stakes trade in contraband, the proliferation of small arms, the presence of armed opposition groups, the heavy military presence, and the spillover of conflicts to and from neighboring countries are all factors exacerbating insecurity, in pastoral zones in particular.

The Ministry of Federal Affairs has a specific mandate to undertake conflict resolution and has expressed keen interest in improving its capacity and forging linkages at regional and local levels. Traditional leaders still have significant influence over their populations and are seen as natural representatives for negotiations with other groups.

Since the war with Eritrea, a large number of soldiers have been demobilized and military spending has been reduced. Ethiopia has been diplomatically involved actively with a range of peace-keeping efforts in the region through the African Union (AU) and the Inter-Government Authority for Development (IGAD).

Ethiopia has cooperated with the USG in the Global War on Terrorism and terrorism is less likely to take hold in a peaceful and prosperous Ethiopia.

Social and Economic Development: As with much of the rest of the continent, the population of Ethiopia is very young with 44% of the population under the age of 15 and an additional 20% in the age group 15 – 24. At current rates of growth, the population will double in less than 30 years. Despite promulgation of a population policy in 1993, the annual growth rate remains high at 2.7% and the fertility rate is 5.9. Maternal mortality rates are 871 per 100,000 live births, under-five mortality rates are 188 per 1,000 and life expectancy is 45.7 years, with HIV/AIDS reducing projected gains in life expectancy. Half of Ethiopia’s children are underweight for their age and over half are stunted. The primary school gross enrollment rate increased to 64% (41% girls) in 2003, at the expense of the quality of education, which has dropped in recent years. In 2001 adult literacy rate at national level was 31.3% (42.7% for males and 20.6% for females). Basic living conditions in terms of health, sanitation and nutrition are extremely poor for the majority of the population.

While the Ethiopian Constitution guarantees gender equity, cultural and religious laws discriminate against women and the majority of women (and men) are unaware of their rights under the Constitution or of avenues through which to pursue them. UNDP has ranked Ethiopia 139 out of 144 countries in terms of the status, treatment, and participation of women. Socially, women are subordinated; cultural and religious customs support male over female rights and gender and sexual violence are common. Women have been socialized to accept harmful traditional practices that disadvantage them. These include female genital cutting (FGC), early marriage, and doing much of the hard work in households, leading to poor health status. Violence against women is a major issue in Ethiopia, including rape and wife abuse, and underscores the low status of females.

Current figures indicate that the GDP has fallen to \$91 per capita in the past 10 years, making Ethiopia one of the poorest countries on the continent. Gross per capita incomes are five times less than the African average with a decline of 40% from 1990 to 2000 compared to a smaller decline of 13% for sub-Saharan Africa. A nascent private sector shows strong potential but to date has been supplied with few incentives to succeed. In addition, the weak market and low prices for coffee have dealt a severe blow to the economy.

Since 1992, the Ethiopian Government carried out measures to reduce poverty in the context of a series of reform programs in political, economic, and social spheres. The economy has responded with marked levels of growth reversing the previous two decades of poor economic performance.¹² Ethiopia’s development policies, strategies and programs adopted since 1992/1993 have been centered on bringing about sustainable and equitable development and poverty reduction. The fundamental development objectives of the Ethiopian Government as stated in the Sustainable Development and Poverty Reduction Program (SDPRP) are: “To build a free-market economic system in the country which will enable: a) the economy to

¹² Nonetheless, the GDP per capita has declined significantly, as population growth rates and shocks continue unabated.

develop rapidly; b) the country to extricate itself from dependence on food aid; and c) poor people to be the main beneficiaries from economic growth.” We have yet to see full realization of any of these objectives.

The SDPRP is built on four pillars, namely agricultural development led industrialization (ADLI), justice system and civil service reform, decentralization and empowerment, and capacity building in public and private sectors. In addition, the document incorporates the Ethiopian Government's strategies for rural development, food security, and three sector-wide programs in roads, health and education. It further discusses plans for water development, pastoralists and the role of women in development. However, as noted in two parallel donor critiques of the program, the SDPRP is weak on the specifics of how private sector development, a trade and investment strategy, and better governance, will be implemented to improve pro-poor growth.

Within the last two years and especially within the last six months, there have been several improvements in the investment climate in Ethiopia. The number of sectors where investment is restricted to Ethiopians has been reduced; the time to set up and register a business has decreased dramatically (due to reductions in red tape); an investment fund for exporters has been set up; at the national and regional levels, the Ethiopian Government is making land available for investors; and larger regions have set up industrial zones. Perhaps most importantly, a Public-Private Forum has been established where the private sector can now engage in dialogue with government leaders on needed additional reforms while at regional levels some governments are making available 100-year land leases to investors. The coffee sector has been liberalized so that cooperatives can now export directly, use the auction system or partner with an international trader. Large-scale commercial farmers are turning to cooperatives as potential out-growers or using them as a source of livestock for local abattoirs. In fact, the Heritage Foundation Economic Freedom Index shows that Ethiopia has improved from 3.79 to 3.33 on a 1-5 scale where 1 is better than 5. Horticultural exports are increasing, and coffee exports increased by 10% in 2003, according to the GFDRE.

Major constraints still exist: the telecommunications sector is state-run, has restricted entry, and is incredibly inefficient by today's standards. The shipping monopoly remains, no foreign banks are allowed bank lending, collateral levels are high, privatization is stalled, and the fertilizer sector is monopolized by a few party-connected companies. Most, if not all of these, are on the current policy agenda of the collective donor group, the Development Assistance Group (DAG), and are being discussed with the Government.

In the social sectors, positive signs and new openings exist. The Ethiopian Government's second Health Sector Development Program (HSDP) was reviewed in 2003 and the Government has either begun or has committed to moving ahead in several significant areas. These include: implementing health sector reform; improving health management systems; implementation of health extension packages (HEPs) to expand services to all rural communities; strengthening health products logistics systems; and working more actively on malaria, TB and HIV/AIDS.

Although support for family planning has been lukewarm from some in government, the social marketing program (condoms and oral contraceptives) has been one of the most successful in sub-Saharan Africa, demonstrating huge unmet demand (30-50%) in this desperately poor country. The Population Policy is currently being revised, with the emphasis on immediate and sustained implementation of family planning programs. Education, particularly primary education, has been identified as a national priority with the percent of national revenues for primary education increasing. Ethiopia is in the midst of its second Education Sector Development Program (ESDP) with a goal of achieving universal primary education by 2015. The education strategy emphasizes decentralization, community participation, cost sharing mechanisms (at secondary and tertiary levels) and the involvement of the private sector. Primary school enrollment rates have risen dramatically, but the quality of education still needs major improvement.

HIV/AIDS: Ethiopia has around 2.2 million people living with HIV and AIDS and an adult prevalence of at least 6.6%. The impact of HIV/AIDS is beginning to be felt by the society at large. Despite a lack of data of HIV/AIDS prevalence rates among various sub-groups; socio-economic, educational and health gains are already being affected through the loss of skilled professionals and the increasing morbidity and mortality due to HIV/AIDS. The epidemic could decimate the ranks of the nation's educated and skilled elite, depopulate areas or economic sectors, and produce large numbers of female or child-headed households and orphans that will severely stress the country's social fabric.

Considering that agriculture accounts for 85% of Ethiopia's exports and 80% of employment, there has been surprisingly little research to understand the impact of HIV and AIDS on agricultural production either at the household or the national level in Ethiopia. However, joint research by the FAO and UNAIDS has found the following impacts in 14 sub-Saharan countries:

Micro-level: Loss of labor and income leading to reduced productivity and yields; increased food, nutrition and livelihood insecurity. In Uganda, research found that AIDS contributed to food scarcity in areas that had previously been known for food availability and surplus. In Ethiopia, there are already a significant number of households locked in a cycle of food insecurity and increasing vulnerability. HIV/AIDS has the potential to increase this number.

Macro-level: Loss of government agricultural labor force, leading to understaffing and loss of services to clients; loss of experience, knowledge and skills; loss of planning and administrative capacities; and increased medical expenses.

Since 1998 there has been a renewal of government attention to HIV/AIDS with the recognition that this pandemic has the potential to undermine all other development efforts. For the first time, unprecedented levels of resources are available to address the HIV/AIDS epidemic in Ethiopia. With the level of resources available from the U.S. President's Emergency Plan for AIDS Relief (PEPFAR); the Global Fund for AIDS, Tuberculosis, and Malaria; and the World Bank, it is possible to achieve a comprehensive prevention to treatment program to prevent new infections and mitigate the impact of HIV/AIDS on those affected and infected.

Environment: Deforestation, overgrazing of pasturelands, excessive rates of soil erosion, and increased use of crop residue and animal dung to meet rural household energy needs, are contributing to soil fertility loss, impoverishment and food insecurity. Soil erosion affects nearly half of the agricultural land and results in soil loss of 1.5 to 2 billion tons of soil annually. A recent study highlighted the catastrophic impact of soil erosion estimated at US\$1 billion per year on the country's economy. Widespread degradation of watersheds leads to increased run-off of rainfall, often resulting in downstream flooding and destruction of productive rural infrastructure (roads, irrigation systems), as well as the loss of badly needed water for irrigation.

Significantly increased investments in rural water supply, sanitation and hygiene, irrigation, and integrated water resource management are crucial to improving the health, food security, livelihoods and resiliency of Ethiopia's rural populations. Only 20% of Ethiopia's rural population has access to safe drinking water. Diarrheal disease accounts for approximately 20% of all under-five deaths in Ethiopia. Unsafe water and associated health problems undermine efforts to reduce malnutrition (over half of Ethiopia's children are stunted) and lowers the productivity of the agricultural work force. The need to spend hours each day fetching water often restricts children, particularly girls, from attending school. Five percent of Ethiopia's irrigation potential is exploited. Greater investment in this area would increase production of both food and cash crops. A large portion of the country's watersheds are seriously degraded due to population pressure, overgrazing, and inappropriate agricultural practices. In light of the critical importance and cross-cutting nature of this issue, the Mission proposes to expand its water related interventions with support to be provided under multiple SOs. An assessment team has identified areas for potential USAID support and leadership, subject to resources.

Food Security: Food security remains the number one humanitarian and development issue facing Ethiopia. Approximately 31 million people are food insecure and 85% of the food insecure can be found in rural agricultural areas. A study conducted by the Ethiopian Economics Association in 2002 revealed that the average farm size for all households studied was 1.0 hectare and a third had less than 0.5 hectare. The average farm size in Tigray was 0.54 hectare, 0.75 hectare in Amhara, and 0.89 hectare in the Southern Region. Of the households studied, 10% were landless. The 2003 Institute of Development Studies' (UK) destitution study in Amhara shows the complete loss of household productive assets rising alarmingly from 5 to 14% of the region's households in ten years.

Historically, political instability has been directly associated with large-scale food shortages and famine in Ethiopia, a fact the Ethiopian Government has acknowledged by publicly stating in 2003 that it views food

insecurity as a national security threat. Urban and peri-urban areas are especially vulnerable to unrest if food prices rise significantly due to country-wide shortages.

Rainfall in Ethiopia is becoming increasingly erratic and droughts are hitting Ethiopia more often. Already fragile and destitute populations become more destitute and food insecure with each drought and other shock, losing more coping assets along the way.

The recent 2002-2003 drought fully demonstrated the ability of Ethiopians (and the resolve of the donor community) to respond to emergencies, but it also underlined the fragility of Ethiopia's social and economic condition. The country verged on one of the worst famines in its history, with 21% of the population, 13 million people, requiring food and other forms of assistance. USAID/Ethiopia alone provided approximately one million metric tons of food. USAID food and nonfood relief assistance together totaled about US\$530 million.

The frequent emergencies in Ethiopia are reflected in the severe malnutrition and excess mortality among the population. Prolonged drought conditions and the subsequent health and livelihood deteriorations impact upon communities' abilities to respond to repeated economic and climatic shocks. The most vulnerable Ethiopians, still reeling from cumulative shocks over the past three years (and the past two decades), will require substantial and continued emergency food, health, agriculture, cash and livelihood assistance in 2004 and 2005.

Shortfalls in production are occurring against a backdrop of chronic impoverishment whereby a multiplicity of factors, including population pressure, HIV/AIDS, land degradation, low international prices for cash crops, recent poor harvests, droughts, and intermittent rainfall, and poorly developed markets combine to induce a spiral of impoverishment that has ultimately resulted in a state of destitution whereby a growing number of individuals are dependent upon assistance if they are to obtain the means to survive.

Although an early and robust food aid response in 2002-2003, combined with sound policy and capacity to bring food to communities prevented massive population displacement; excess rates of severe acute malnutrition, disease, and deaths of children under five years of age were not prevented due to weak health systems and lack of adequate surveillance. The rate of depletion of assets that underpin sustainable livelihoods was accelerated. While periodic droughts are commonplace, the shortening cycle of repeated crises has reduced the capacity of the population to manage through future shocks. At least five million people are effectively destitute and lack the means to access commercial markets. According to a 2003 Bellmon study¹³, this need for assistance is independent of the national food balance and will continue to grow in both surplus and deficit years unless targeted livelihood and development programs are implemented.

In perhaps the most comprehensive study of the relief response ever carried out in Ethiopia, the Tufts University's Feinstein International Famine Institute pinpointed weaknesses in the humanitarian response system, acknowledged that the unprecedented food response saved many lives by avoiding famine camps, and called for movement away from an annual "food first" emphasis to an integrated food/non-food livelihood response, linked to a sustained investment in strengthening systems, such as improved health care and water and sanitation.

1.3 A Paradigm Shift is Imperative

Ethiopia is central to peace, stability and prosperity in the Horn of Africa and is viewed as strategically important by the United States Government.

Ethiopia has had structural deficits in its food supplies in five of the last eight years, necessitating substantial emergency food aid to fill the gap. Over the past five years, the United States alone has provided US\$882 million¹⁴ in largely food-related humanitarian assistance. Even in years with bumper harvests, local

¹³ FY 2004 Title II Bellmon Distribution Study. Ethiopia Final Report, Nov. 2003. Deloitte and Touche Management Consultants, LTD.

¹⁴ Source: Food for Peace, Washington

incentives to produce food have been sabotaged by poor-performing markets that cut the bottom out of prices to farmers, and by limited transport capacity to move food from surplus to deficit areas, as well as the disincentive to invest in agriculture due to the current system of land tenure. During the last 20 years this cycle has repeated itself again and again. Each time, the number of hungry and destitute rise, along with the toll of human suffering and disease. Many believe food aid has created dependencies that undermine creativity and finding other coping mechanisms. Social unrest and conflict have followed in some areas.

The cumulative effects of crises, economic shocks and the interlocking vulnerabilities outlined in section 1.2 represent some of the greatest challenges to recovery from the cycle of emergency to be able to fully embrace development. An integrated multi-sectoral approach, focused on famine prevention, that moves from relief and recovery efforts to identify and accelerate development interventions, and that recognizes the intense-ongoing livelihood crisis and cumulative emergency outcomes associated with famine conditions, will be essential to addressing Ethiopia's chronic vulnerabilities.

USAID/Ethiopia believes that this paradigm shift is both urgently needed and feasible. While USAID/Ethiopia recognizes reluctance in some circles and a clear need for broader reforms, it also recognizes, along with other donors, that federal and regional governments are taking positive steps. They are trying to provide productive safety nets/transition packages for the most vulnerable, encourage private sector development and investment, build capacity at local levels, increase social services available at the community and household levels, increase community ownership of social services, develop markets and enhance the country's trade competitiveness, and address the other tremendous challenges facing the country.

1.4 The Famine Prevention Framework and the New Coalition for Food Security

USAID Administrator Andrew Natsios, seized by the alarming trends in human development indicators, tasked his senior staff to develop a Famine Prevention Framework for the Agency. As Ethiopia is, in his words, one of the most famine prone countries in the world, if not the most, the focus is to reverse the trends as quickly as feasible. To this end, a joint team from different USAID/Washington bureaus, the Regional Economic Development Support Office (REDSO) in Nairobi and USAID/Ethiopia developed a framework proposing a paradigm shift so that USAID assistance can move from continued relief to recovery to sustainable development.

The International Food Policy Research Institute (IFPRI), utilizing a multi-market model for Ethiopian agriculture (IFPRI, 2003) projected that if current trends continue, by 2010 (a) the size of food deficits will nearly triple, significantly expanding the need and cost for humanitarian assistance; (b) the number of malnourished children (already at 50% of the current under-five child population) will increase by 10% (and will rise 34% by 2020); and (c) per capita incomes, already the lowest in Africa, will continue to fall.

Yet a more prosperous future can be envisioned. The IFPRI study concludes that the number of food-insecure people (currently 44% of the population) can be halved in 10 years. By 2010, cereal production could increase 25%, drastically reducing or ending the need for emergency food aid. Further, per capita incomes could grow by nearly 50%, albeit from a very low base. However, reaching this reality will require aggressive accelerated agricultural growth rates of at least 6.6% per year¹⁵, combined with growth in non-farm parts of the economy.

As noted above, to meet these challenges, USAID developed the Famine Prevention Framework to address the root causes of famine threats, both acute and chronic¹⁶. Its premise is that to prevent famine, a country must reach a stage of development in which it has the resiliency to prevent widespread decline in livelihoods following shocks (economic, social, and environmental) that bring on food crises. The framework does not call for a long-term development program; rather, it entails a three- to five-year coordinated donor-Ethiopian effort explicitly aimed at protecting the chronically food-insecure, breaking the cycle of food crises, and building the conditions for sustained growth.

¹⁵ The preliminary assessment estimated the required agriculture sector growth at 6.6%. More recent analysis indicates that combined growth in staple crops with growth in livestock and nontraditional exports would achieve a 5.3% growth rate in agriculture, reducing the poverty rate to 28 % by 2015. (Xinshen Diao, *et al.*, Growth Options and Investment Strategies in Ethiopian Agriculture, IFPRI, June 2004.

¹⁶ "Breaking the Cycle of Famine," USAID, 2003

The primary component of this framework is to increase the resilience of the chronically food insecure while also protecting the most vulnerable by anticipating future shocks and their effects on lives and livelihoods. In addition, the framework strives to promote and preserve assets in food-insecure households in part through greater community involvement and ownership of their destiny, transfers of resources, increasing access to essential services, and expanding available livelihood options. In addition the framework underscores the critical importance of improving health, increasing human capacity and good governance. As part of building conditions, the framework calls for commercializing smallholder agriculture and promoting regional trade and other economic growth measures.

The USAID Famine Prevention Framework is but one part of concerted donor/Government actions developed in response to the fact that despite the Government's considerable effort, the problems of food insecurity in Ethiopia are accelerating. In June 2003, the Prime Minister formed a National Coalition for Food Security (NCFS) in Ethiopia to support implementation of the SDPRP by specifically focusing on combating hunger and famine vulnerability on an emergency basis, while promoting broader agricultural and rural sector growth. The purpose of the NCFS is to drastically reduce food insecurity faced by vulnerable Ethiopian households within five years by increasing availability of food through improved crop and livestock production; increasing access to food through expanded agricultural and non-agricultural incomes; and promoting preventive and curative health services. The NCFS proposes productive safety nets to protect the poorest, accelerate the development of assets and lessen dependence on food aid, and voluntary resettlement.

In addition to the NCFS focus on improving on-farm production, the NCFS also seeks to address the lack of access to land by pursuing a voluntary resettlement program. Viewed by the government as a key component of the NCFS's goal of achieving a major turn around of the food insecurity situation within a three year time frame, the resettlement program has already relocated approximately 170,000 to less densely populated and potentially more productive lowland areas. The GFDRE plans to resettle an additional 1.029 million people before the heavy rains begin again in May 2004, thus rendering many of the sites inaccessible and necessitating planting for the coming harvest. The ambitious scope of the planned resettlement will require a tremendous logistical operation to ensure that proper precautions are in place to avoid a humanitarian crisis.

Although the voluntary resettlement program has the potential to increase food security for individual farmers, it is still unclear whether, even after moving the targeted 2.2 million people over a 35 year period, the resettlement campaign will have a significant impact on food security in the sending areas given the rapid population growth in the chronically food insecure highlands. Resettlement should not be undertaken in isolation of other efforts, but rather should be part of a comprehensive strategy aimed at achieving pro-poor, agricultural led, economic growth, and addressing other major food security issues. This includes population growth, environmental degradation, market and infrastructure development, job creation, and support for urban area growth including industry. Resettlement should be one part of providing migration options for people in overpopulated and unproductive areas of Ethiopia.

1.5 G - 8 – Focus on Famine

At the same time as the development of the NCFS in Ethiopia, famine has been recognized as an important issue by the G8 Group of Industrialized Countries and is expected to play a significant role at the USG-hosted G8 meetings in June 2004. On March 5, 2003, the G8 Contact Group on Famine met to identify measures to address food shortages and long-term food security, especially in Africa. Following working group meetings in Rome, Brussels, Geneva and Addis Ababa in 2003, the G8 committed to addressing three elements of famine prevention: short-term emergency assistance, medium-term systematic issues, and long-term development assistance. Donors again emphasized the importance of cooperation and coordination among themselves as well as with the Ethiopian Government and stressed the need for a credible commitment by the Ethiopian Government, to the implementation of necessary economic reforms.

In January 2004, the U.S. assumed leadership of the G8 and continued work on famine prevention will be of importance particularly, with an emphasis on policy reform. Revisions to USAID's assistance strategy for Ethiopia are fully consistent with the G8 approach and will be viewed under the lens of creating a sound

policy framework and harmonizing donor efforts to prevent famine. Ethiopia may be a test case for the G8 to focus on famine prevention in Africa at the June 2004 meetings.

1.6 USAID/Ethiopia's Response: A New Strategy for 2004-2008

USAID/Ethiopia's current six-year strategy was approved post-war in December 2000 and pre-successive drought crises for the period FY 2001-2006. Through evolution, slow development progress, and the 2002-2003 emergency, a strong sense of urgency has developed. The Ethiopian Government, NGOs and donors agree that foreign assistance must become a much more efficient tool for permanent change through developing the economy, dramatically improving food security, and releasing the productive potential of the Ethiopian people. Furthermore, time is running out for the Government to effect the needed changes. The massive amount of humanitarian assistance from the USG and other donors will not be available for the next crisis. This is the strong message the U.S. Ambassador to Ethiopia and Mr. Natsios have given to the Ethiopian Government, echoed by other donors participating in the Coalition for Food Security.

The Ethiopian Government, working with the Coalition, has proposed a multifaceted strategy. Immediate action and resources from the donor community are needed to confront present and upcoming challenges with aggressive and accelerated reforms. USAID's new strategy embraces the Famine Prevention Framework, in concert with the SDPRP and NCFS to protect the chronically food insecure, break the cycle of crises, and build conditions for sustained growth. Furthermore, it is consistent with the integrity of U.S. foreign policy, stressing the need for sound public policy and principles of democratic governance, incorporation of market-led growth and making available sustainable and equitable social services.

CHAPTER TWO STRATEGY OVERVIEW

2.1 Planning Parameters

Following the unprecedented level of humanitarian assistance provided during the FY 2002-2003 crisis, USAID/Ethiopia, in collaboration with a number of senior USAID/Washington personnel, decided that the development hypothesis underpinning the USAID/Ethiopia 2001-2006 Integrated Strategic Plan needed to be revised. The decision was made that rather than the scheduled triennial review of the current strategy, the urgency required a new strategy. With close consultation with the Africa Bureau (AFR), the Economic Growth, Agriculture, and Trade Bureau (EGAT), and the Democracy, Conflict and Humanitarian Assistance (DCHA) Bureau and assistance from the Office of Foreign Disaster Assistance (OFDA), DCHA/Food for Peace (FFP) and the Regional Economic Development Support Office (REDSO), USAID/Ethiopia framed a concept paper building on the Famine Prevention Framework crafted in mid 2003. Central to the latter was the need to do something within the next three to five years to help Ethiopians manage through the next inevitable shock. The fundamental premise is that to prevent famine, a country must reach a stage of development in which it has the resiliency to prevent widespread loss of livelihoods and death following shocks (economic, social, and environmental) that bring on food crises. It proposed a three- to five-year coordinated donor-Ethiopian effort explicitly aimed at protecting the chronically food-insecure, breaking the cycle of food crises, and building the conditions for sustained growth.

The USAID/Ethiopia concept paper was approved by USAID/Washington in November 2003 and a parameters cable (State 004236) outlined the key points noted here. The strategy period will be five years, from FY 2004 to FY 2008. Objectives in the following sectors were authorized, with the number of objectives to be determined by USAID/Ethiopia as it developed the strategy: Disaster Preparedness, Management and Mitigation; Economic Growth and Resiliency; Health, Population and HIV/AIDS; Education; Governance; and Knowledge Management. The strategy was also to consider three scenarios and their implications as follows: a) Best case – Continued reform; b) Less than full reform; and c) Conflict on the Border. The occurrence of a drought during the plan period was to be assumed and incorporated in USAID/Ethiopia planning.

2.2 Summary of the Strategic Plan

The strategy developed by USAID/Ethiopia incorporates the essential elements of the Famine Prevention Framework while building on urgent needs and successes in other sectors as well. The strategy emphasizes the expansion of resiliency to shocks at all levels. USAID will also encourage market-led economic growth, with an initial focus on the agricultural sector, and determined that improving knowledge management is an essential tool to help achieve its objectives. USAID/Ethiopia also recognizes that improved health and education levels are essential pillars for enhanced social resiliency. Therefore, long-standing successful programs in these areas will continue with a focus on decreasing vulnerabilities, based on lessons learned and community focus. Although the full extent of the impact of the HIV/AIDS pandemic is yet to be fully understood in Ethiopia, a major effort will be made and within the PEPFAR framework to prevent additional infections and treat and care for those already infected or affected by this disease. Underlying the entire strategy is the recognition that governance capacities at all levels, within government, civil society, and the citizenry are extremely weak and need strengthening. Lastly, the strategy recognizes that climatic or other shocks are inevitable, making building the capacity of Ethiopians to anticipate and manage shocks critical to sustainable development. Although a key focus of the entire strategy across sectors, anticipating and managing shocks will also be a focus in and of itself to provide a secretariat through which emergency response can be coordinated.

These focus areas are necessary to establish the foundations for reducing famine vulnerability, hunger and poverty. The key concepts are to achieve increased social and economic resiliency while enabling economic growth. Good governance will be central to increasing human capacity, social resilience, and economic growth. Citizens need mechanisms to advocate for better, expanded services, and increased avenues for monitoring and redirecting services, especially during crises. Establishing and making transparent a balanced role of government in relation to its citizens and the private sector, coupled with increased public-private sector dialogue to create an enabling environment, will be critical for economic growth and increased resiliency.

The underlying premise of the strategy is that Ethiopia needs to become more resilient; that structures, systems, and programs need to be in place that allow it to cope with shocks without undermining all other development and economic efforts. Resiliency is defined as the capacity of the government to respond and cope and the capacity of individuals and their communities to withstand shock without exhausting coping mechanisms, without sliding into destitution. USAID/Ethiopia recognizes that women are even more disempowered in Ethiopia than in most of Sub-Saharan Africa and has decided that program resources will be allocated to promote women’s participation and gender mainstreaming throughout the program.

It is an inherent responsibility of the state to manage adverse situations and create conditions which will enable chronically food insecure people to escape destitution. The GFDRE has proposed establishment of safety nets to be strengthened by better integrated surveillance and early warning systems. This requires support to develop and institutionalize knowledge management.

There is a need to better integrate health surveillance data, with climatic and other early warning information and to link it into analyses that compare alternative investment decisions.

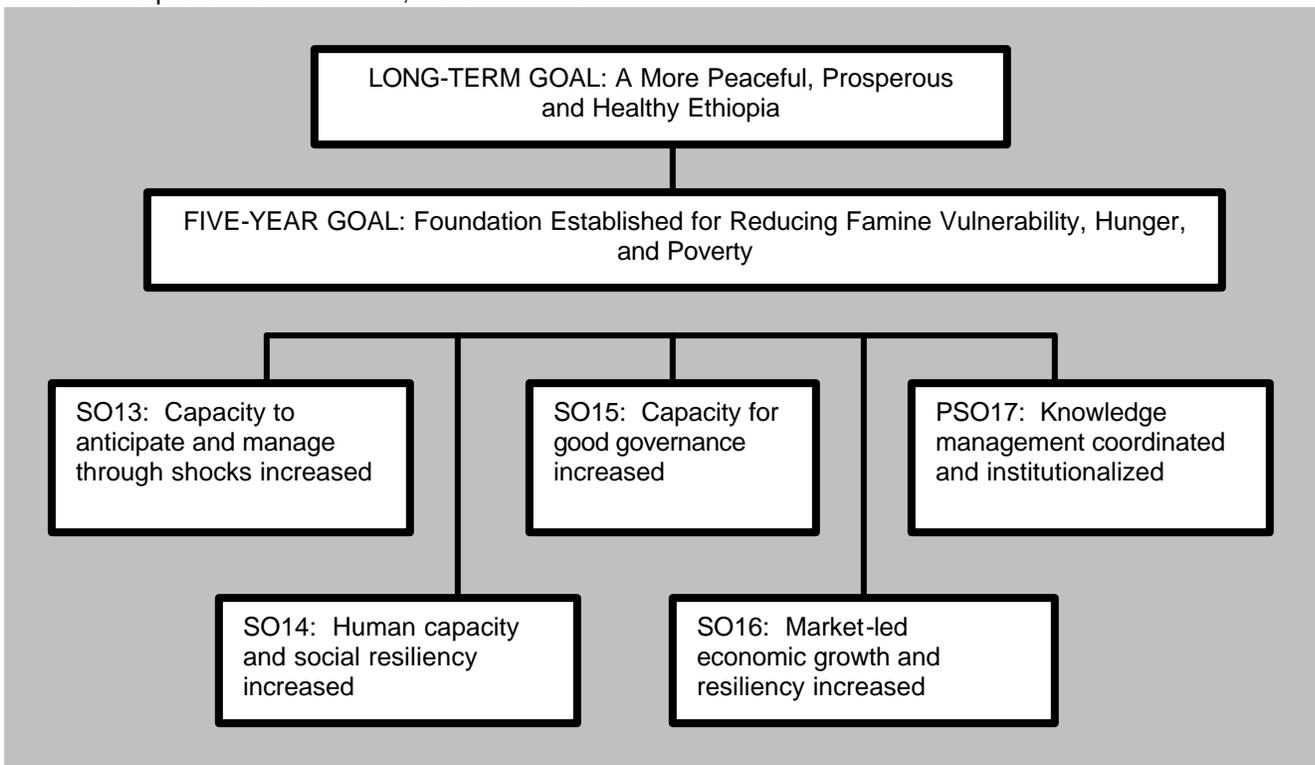
USAID/Ethiopia’s Long-term Goal: A More Peaceful, Prosperous and Healthy Ethiopia

USAID/Ethiopia’s Five-year Strategy Goal: Foundation Established for Reducing Famine Vulnerability, Hunger, and Poverty

Strategic Objectives:

- SO 13: Capacity to Anticipate and Manage through Shocks Increased;
- SO 14: Human Capacity and Social Resiliency Increased;
- SO 15: Capacity for Good Governance Increased;
- SO 16: Market-led Economic Growth and Resiliency Increased; and
- PSO17: Knowledge Management Coordinated and Institutionalized

These objectives are portrayed on the results framework below. More detailed descriptions of each SO and the PSO are presented in Annex 2, Results Frameworks.



2.3 Paths Taken and Not Taken

USAID/Ethiopia made a strategic decision not to work directly in certain sectors. It does not envision significant support in some key environmental areas (protected areas, forest management, urban environmental health, large scale water development). Planned interventions under the strategy will contribute to these by lessening the pressure on fragile ecosystems, raising public awareness and advocacy, strengthening government capacity to rationalize policies and investments, and improving monitoring. For instance, SO 16 reflects an integrated approach in addressing Ethiopia's environmental challenges and opportunities and incorporates the Environmental Threats and Opportunities Assessment (ETOA) and water analyses prepared in early 2004. Interventions that will directly benefit the environment include: improved land use planning; land tenure security; integrated community-based watershed management; rural water development; promotion of cleaner production practices in agro industry; adoption of improved agricultural practices including cropland, pastureland and resource management; community and household energy interventions; and market development for eco-certified agricultural products. Intensification of agriculture, expansion of viable off-farm and/or non-agriculture employment and livelihoods opportunities, and support for cross-sector policy reform and social mobilization to focus greater attention on key issues of public concern (i.e., population growth, environmental pollution, deforestation, loss of biodiversity and productive assets) will all contribute substantially to sound natural resource management and environmental protection.

The new strategy does not address tertiary services or higher education. Other donors have focused on assistance in these areas. Nor is it addressing banking reform, where the World Bank is the leading proponent. The strategy does not focus on major infrastructure, such as roads, or utilities where the European Union, Japanese, African Development Bank and World Bank are taking the lead. Likewise, the Bank has assumed the lead in federal level capacity development where other donors will continue to provide support through the Public Sector Capacity Building Program (PSCAP). The strategy has not focused on electoral or legislative support, or continued its work in training judges for lack of resources. Other donors, such as Canadian International Development Agency (CIDA) are heavily involved in these areas.

USAID/Ethiopia's strategy has also been influenced by the Administration's priorities and by Congressional earmarks and directives. For instance, Ethiopia is a PEPFAR country and will be receiving substantial funds to address the HIV/AIDS challenge. There are a full range of health earmarks for which USAID/Ethiopia receives funds, e.g., tuberculosis, polio. Earmarks or directives already exist for FY2004 for Micro-enterprise, Water, Dairy and Islamic Education. The strategy indirectly supports Department of Defense, State Department, and other counter-terrorism efforts and objectives.

2.4 Critical Assumptions and Binding Constraints

Success in achieving the goal of the strategy in the five year time frame assumes political stability, no war, and government commitment to accelerated reform. These assumptions define the scenarios in Section 2.10 and are further developed there. It is assumed that shocks will continue, that the war on terrorism will keep the Horn of Africa a priority for the USG, and that the world coffee market will continue to put pressure on Ethiopian producers to find their marketing niche.

There are binding constraints that cut across all of the strategy that USAID/Ethiopia and its partners will address with program interventions. Limited government capacity at all levels has already hindered the progress of on-going USAID and other donor programs in Ethiopia, and is expected to be a continuing constraint, especially as the GFDRE devolves authority to the lowest governmental levels. Inter-sectoral responses to emergencies, especially drought, requires greater coordination among line ministries within the GFDRE. During the last drought, the excess mortality was a result primarily of disease rather than starvation, yet the Ministry of Health became involved late in the drought response. This calls for attention to selected policy reforms and implementation assistance.

The UNDP has ranked Ethiopia 139 out of 144 countries in terms of the status, treatment and participation of women. Socially, women are subordinated; cultural and religious customs support male over female rights and gender and sexual violence are widely accepted. Women have been socialized to accept cultural norms that disadvantage them. Gender roles are a major constraint to combating the spread of HIV/AIDS, as well

as making progress in other areas, notably education, women's economic empowerment and women's political participation. These are being specifically addressed in the strategy.

The ability of the government to deliver services to its people is weak, related to limited capacity and resources. Educational delivery systems are hampered by enormous distances, poor capacity and under investment in infrastructure, not to mention the poor health status of their clients. A large portion of the teaching force lacks sufficient training. Teaching remains largely "chalk and talk" and efforts to increase the use of learner-centered approaches are constrained by very large class sizes. Efforts to increase the supply of textbooks and teachers, as well as the construction of additional classrooms, are simply outpaced by the growth in enrollment, which in turn is aggravated by high population growth. USAID assistance addresses the quality of basic education, as well as support for child health and family planning.

Another service delivery constraint is the country's weak health infrastructure, particularly the logistics management of essential drugs, contraceptives, vaccines and the inability of communities to handle nutrition emergencies. About 50% of the Ethiopian population has access to such health services as exist. Immunization rates are generally low. Only 20% of the rural population has access to safe water sources, and even fewer practice effective sanitation. Adding to the complexity, the per capita expenditures for health from all sources is low, \$5.60, versus an average of \$12.00 per person in the Africa region. USAID, together with other donors, is focusing on improving delivery of health products, systems and services to the community level.

External shocks (i.e., severe droughts, further collapse of coffee prices, restrictions on livestock exports to the Mid-East, war with Eritrea, HIV/AIDS and malaria) and a weak environment for private investment could hinder efforts to support improved economic growth. The strategy specifically addresses these problems.

2.5 Implementing the New Paradigm

While some critical elements of the previous strategy have been maintained or modified, this strategy deals with the urgent real challenges facing Ethiopia at this time. Ethiopia is in a crisis – a crisis that may go unheeded due to the very success of the emergency response. In 2002 -2003 donors, government and NGOs worked together in an exemplary manner providing an unprecedented 100% of the food aid resources required in the Joint Government and UN Appeals, a level of response most observers feel will not be replicated. After the exhaustion of a massive emergency operation, agencies are returning to an old and by now tired dichotomy – the separation of development and relief. The recovery and development input is missing.

Depleted resources have not been restored because of a few months supply of food. At the best, it has simply kept people in a holding pattern. It has not built assets nor has it secured livelihoods. That it has saved lives is without question, but now the imperative is to save livelihoods and to reverse the irresistible slide into destitution of millions of people. The focus must be on recovery and the allocation of the level of resources needed to address root causes of famine, i.e. inadequate economic growth. The investment of adequate development resources now will have much more impact than food aid at the tail end of a crisis. USAID/Ethiopia intends to apply the lessons of the recent crises and invest in a growth and resiliency agenda in order to avoid a continuous cycle of food shortages and increased vulnerability among the population.

There are strong and encouraging signs of a deeper and open dialogue between Government and the international community. But Ethiopia needs a radical change. Radical strategies are needed for building sustainable pro-poor growth, and mechanisms for protecting those gains. Most importantly Ethiopia needs increased levels of non-emergency inputs. The response of the Government, the international community and NGOs can no longer be business as usual. This is a real and direct challenge to the Ethiopian Government and to the major donors.

USAID/Ethiopia believes this new strategy makes the necessary paradigm shift, responds to this challenge, and is committed to this new approach.

2.6 Synergies between Programs, Funding Sources, and Humanitarian and Development Staff

The new strategy affords the opportunity to build on new forms of cooperation and resource utilization. For example, USAID/Ethiopia has had a Disaster Assistance Response Team, the DART, for approximately 20 of the last 50 months, extending back to 1999. In this time, the Mission has worked with three different DART leaders and teams varying in size from two to more than a dozen consultants. This has provided a wealth of experience, as the DART and the USAID Mission have successfully averted the worst aspects of famine, e.g., mass migration, relatively low levels of excess mortality, and social unrest. Each has approached the crises of 1999-2000 and 2002-2003 with different instruments, modalities and restrictions. However, working together in common cause has led to new opportunities to develop coordination, collaboration and synergy. This strategic collaboration will be strengthened by a pledge of International Disaster and Famine Assistance (IDFA) funds from USAID/OFDA for the next three years.¹⁷

This successful cooperation, as well as the Relief to Development (R2D) experiment in two woredas, and the shift of Non-Project Assistance to Complementary Drought Assistance by the Health and Education Offices during the last emergency, all put USAID Ethiopia at the forefront of identifying and testing new ways to integrate humanitarian assistance and development assistance to increase resiliency to shocks.

USAID will be doing its business differently, combining and integrating the resources, talents, and modalities of multiple offices around specific objectives. The objective to promote economic growth and resiliency (SO 16) will be achieved through the joint efforts of the Assets and Livelihoods Transition Office and the Business, Economic Growth, Agriculture, and Trade Office. Human Capacity and Social Resiliency will be increased (SO 14) only by the joint efforts of the Health and Education Offices. Each will retain responsibilities for ensuring allowable use of funds, coming with broad oversight from both the Congress and Administration (as with PEPFAR and HIV/AIDS funds) and producing timely reports. But as to interventions to reduce vulnerability and increase resiliency, each SO team will be charged with finding the innovative and replicable interventions.

2.7 Geographical Targeting and Convergence

The need for increased program synergy and focus on vulnerability implies restructuring how USAID's resources are managed to achieve results, not only with regard to USAID/Ethiopia's internal management, but also in terms of its program coverage. There is a clear need to maintain dialogue with the federal government on policies and programs of national importance, e.g. fiscal decentralization, telecommunications, etc. There is also a clear need to maintain a small number of field-based activities in select areas nationwide, regardless of other targeting decisions. These would include support to condom social marketing to prevent HIV/AIDS in high-prevalence areas; support to HIV/AIDS treatment and support in PEPFAR priority areas; support to key teacher education institutions that have become "centers of excellence" serving the rest of the country; response to areas of conflict; and support to critical information systems such as FEWS, the national health and nutritional surveillance systems, and new knowledge management efforts. Although the Mission has not yet undertaken a detailed analysis of such programs, experience suggests that no more than 25% of the OYB (exclusive of PEPFAR funds, which are programmed through an interagency process) will be allocated to federal policy reform and nationwide service/information systems efforts.

The remaining 75% of the OYB will most likely be used in sub-national programs in targeted woredas and zones. Under the current strategy, there has been some geographic convergence in sub-national programs among two or more teams in selected regions, notably Southern Nations Nationalities and Peoples' (SNNP), Amhara, and Tigray. One key hypothesis for the new strategy is that increased convergence through common geographic targeting is essential to achieve economic and social resilience. The Mission is in the process of establishing criteria for such common geographic targets, and hopes to have a final selection of "core" woredas or zones by summer, 2004. Following this selection, the Mission will work with contractors and grantees, where indicated, to start activities in core areas by no later than mid-FY 2005.

¹⁷ The Financial Plan takes this as a floor, not a ceiling, because of the high likelihood of further crises during the strategy, as noted in the Parameters Cable.

Table 1 on the next page provides some basic data on Ethiopia's regional states that serves as a baseline for geographical targeting. It shows clearly that 80% of the population is in three regional states – Amhara, Oromia, and SNNP -- which comprise about the same proportion of the woredas in the country. The zones ranked chronically “highly vulnerable” or “vulnerable” by the United Nations World Food Program (UN WFP) Vulnerability and Mapping Unit in May 2003 tend to have a high convergence with population, using the following criteria: staple crop production/capita; livestock assets/animal per capita; pasture quality/quantity; road infrastructure/access; food prices/average maize and sorghum; past years' assessed emergency needs by the Disaster Prevention and Preparedness Commission (DPPC); drought risk; variability in staple crop production; probability of extreme weather shocks; shortage of rain or excess rain. It is noted that the WFP exercise did not include Afar or Somali regions in the analysis, and it is likely that these regions would include a large proportion of vulnerable woredas.

To balance the WFP chronic vulnerability analysis, Table 1 includes some basic data on other key parameters of economic and social resilience. The stunting data are from the FY 2000 Demographic Health Survey (DHS). The HIV/AIDS data are for key urban areas in each region; given the nascent state of sentinel surveillance in Ethiopia, data are not available with which to make a broader comparison. The Gross Enrollment Ratio (GER) data are from the highly regarded Education Statistics Annual Abstract for the 2002-2003 school year.

USAID has asked IFPRI to map these data by zone, and to develop a set of overlays that plot each of the basic data sets. These maps should be available by April 2004 and will provide the Mission with an empirical and user-friendly tool with which to pursue its mapping and targeting exercise.

Table 1: Basic Demographic, Socio-Political, and Education Data by Region, 2002-2003

Region	Regional Population, % of Total National ¹	#Zones, Woredas ²	# of Woredas Very Highly Vulnerable ³	Stunting among children under 5 years ⁴	% HIV Positive Urban Pop. ⁵	Total GER, ¹ Girls GER, ¹ Gr. 1-8
Addis Ababa	2,646,000 3.9%	Z = 6 W = 28	0	26.8	15.6%	T = 91.4 G = 91.2
Afar	1,272,000 1.9%	Z = 5 W = 29	TBD	47.6	12.4%	T = 13.8 G = 11.5
Amhara	17,205,000 25.6%	Z = 11 W = 105	30	57.0	15.1%-23.4%	T = 58.5 G = 53.9
Benishangul	565,000 0.8%	Z = 3 W = 17	0	41.3	8.4%	T = 98.4 G = 74.5
Dire Dawa ²	342,949 0.5%	-	0	30.5	15.2%	T = 78.6 G = 69.0
Gambella	222,605 0.3%	Z = 4 W = 8	0	37.0	14.6%	T = 124.6 G = 93.3
Harare ²	171,545 0.3%	-	0	37.3	9.4%	T = 105.7 G = 89.2
Oromia	23,704,000 35.3%	Z = 12 W = 180	29	47.2	8.6%-18.7%	T = 66.9 G = 51.0
Somali	3,898,000 5.8%	Z = 9 W = 44	TBD	46.4	19%	T = 15.1 G = 10.0
SNNP ²	13,293,000 19.8%	Z = 9 + 5 W = 77	12	55.4	5.9%-10%	T = 71.8 G = 55.1
Tigray ²	3,901,000 5.8%	Z = 5 + 1 W = 35	12	55.3	16.2%-17.2%	T = 73.7 G = 73.1
TOTALS	67,221,099 100.0%	W = 523	83+TBD (Afar, Somali)	51.5	13.7%	T = 64.4 G = 53.8

Sources:

Data for Population and Gross Enrolment Rate are from the Education Statistics Annual Abstract 1995EC/2002-2003.

Data on zones and woredas are from Draft Two, Document of the FDRE, Program Action Plan for the Education Sector Development Program, Ministry of Addis Ababa, January 1998. NOTE that these have changed several times since 1998 and are still in a state of flux. Dire Dawa and Harare are essentially "city-states" and do not have zones and woredas. SNNP and Tigray have "special woredas" that are designated with a "+" sign.

Ranking based on UN/WFP Vulnerability and Mapping Unit May 2003 exercise using the following indicators: staple crop production/capita; livestock assets/animal per capita; pasture quality/quantity; road infrastructure/access; food prices/ave. maize and sorghum; past years' assessed emergency needs/DPPC; drought risk; variability in staple crop production; probability of extreme weather shocks; shortage of rain or excess rain. The exercise did not include Afar or Somali regions, which are expected to hold some "highly vulnerable" woredas. These will be assessed in 2004.

Data on stunting are from Ethiopia Demographic and Health Survey 2000, Table 11.11.

Data on urban AIDS prevalence are from AIDS in Ethiopia Fourth Edition.

While waiting for the mapping to be completed, the Mission has worked closely with various visiting teams and undertaken some Mission-wide brainstorming sessions to identify criteria to use for "final" selection of target districts. In addition, the ongoing multi-donor/government work designing the broad safety net program will allow USAID to target core zones or woredas for focus. Table 2 provides the preliminary results of those consultations.

Table 2: Preliminary Criteria and Weighting for Selection of USAID "Core Woredas" for FY 2004-2008 Strategy

	1	2	3	4	5	6	7	8	9	10
CRITERIA	High potential for agriculture and economic growth	% zones high or very highly food insecure	Complementarity with Other Donor Funding.	Prior USAID relationship with Regional Council	Top-ranked Cities with High HIV/AIDS Prevalence and Population	USAID Health Index ranking	Poverty Ranking	Potential for local or Cross-Border Conflict	Accessibility/exchange potential	SCORE
REGIONS										
Weighting										
Addis Ababa					Addis					
Afar										
Amhara					Gondor Bahir Dar					
Benishangul										
Dire Dawa					Dire Dawa					
Gambella										
Harare					Harare					
Oromiya					Nazareth Jimma Shashamene					
Somali					Jijiga					
SNNP					Awassa					
Tigray					Mekele					

The Mission is developing a scoring system, notionally a 1-5 range that will enable it to undertake a first cut to arrive at target regions. Depending on the IFPRI mapping, this may involve disaggregating some of the

larger regions – Amhara, Oromia, SNNP – into sets of high, moderate, and low vulnerability zones. Following the first cut, it will then work closely with IFPRI, the Essential Services for Health in Ethiopia contractor, and other key partners to score zones and/or woredas (depending on data availability) in selected regions to arrive at a final set of “core” zones/woredas where all USAID programs will be working. It is understood that each SO will likely have some activities outside of the “core” zones/woredas as necessary to achievement of results. Given the stated premise of the strategy, however, convergence of all SOs will be sought wherever feasible.

2.8 Cross-sectoral Approaches to Improving Resiliency to Shocks

Communities as a Focal Point

The Government of Ethiopia in recent party meetings stressed the importance of community centered development. As the Deputy Prime Minister (DPM) noted in mid-February, the community has to take ownership of its own development; the government, NGOs, and the private sector must help, but it starts with community involvement. The Government’s focus on establishing Health Extension Workers in communities is one manifestation of this. The establishment of Parent Teacher Associations (PTAs) and support of the Community-Government Partnership grants for primary schools (a USAID program that will continue under SO 14) is another.

USAID/Ethiopia’s consultations with its partners (contractors and grantees) reaffirmed their view that the community must be a focal point. USAID will address livelihoods and asset protection for households and communities. Potable water and sanitation can be a focal point for greater community involvement and increased self-reliance of communities. Another focal point will be to encourage schools as community centers for getting and sharing information and anticipating problems.

Other donors are strongly supporting this approach with area-based programs. The World Bank is expanding its Woreda Project from 16 to 26 Woredas. A central component of the Bank’s community-driven development approach is a grants program to the communities. They are proposing further scaling up of the program

USAID is learning valuable lessons from its Relief-to-Development (R2D) Program in two food insecure woredas about community participation. It will incorporate these into the livelihoods/safety nets programs. The R2D creatively uses multi-year programming of food aid for community projects, such as enclosures, wood lots, and water works. Empowered communities and associations can effectively stand for their rights and, hence, play an advocacy and lobbying role to get the investments that will build and protect assets.

Women’s Economic and Political Empowerment

USAID/Ethiopia recognizes that addressing gender based inequalities and discrimination in accessing productive resources is crucial in reducing vulnerability and increasing resiliency. Gender roles and societal norms shape an individual’s capacity to manage risks. Evidence has shown that girls and women are more vulnerable to shocks and are constrained by various factors to rebound from any given crisis. For example, during the recent Ethiopian drought, girls were the first to drop out of school. Increasing women’s economic status and their decision making power has multiplier effects in household’s food security, and resources put in women’s hands often secure the wellbeing of children and other dependents in the family. USAID/Ethiopia will create synergy across sectors to enhance women’s economic and political empowerment.

USAID/Ethiopia’s interventions under SO 13, Capacity to Anticipate and Manage through Shocks Increased, will ensure that women have access to resources including cash during emergency assistance. In 2003, OFDA funded five major cash for relief programs. Most of the cash, for the most destitute in communities, went to women. Evaluations are planned to learn from these innovative resiliency approaches. Increased advocacy under this SO will ensure that policies are inclusive of gender dynamics and different male and female needs translate into specific emergency interventions. Government institutional capacity will be enhanced through training to protect women and girls from violence during emergency situations. Special effort will be made to ensure that women’s and girls’ health, sanitation, and nutritional needs are met.

Several community based activities under SO14, Human Capacity and Social Resiliency Increased, such as the Community Government Partnership Program (CGPP) and community health programs will address socio-cultural issues (early marriage, abduction, FGC and others) that affect girls' education and their health. Educating girls and the provision of adult literacy to women are essential to increasing women's earning capacity, and ultimately increasing their access to health services. Strengthening CGPP and Parent Teacher Associations is crucial in improving the school environment and increasing girls' school survival rates. In cooperation with the EGAT/WID Office, USAID/Ethiopia will pilot the Safe Schools Program, to enhance the quality of teaching/learning processes and the learning environment so that gender safety becomes the norm in participating schools. Under the health program, behavior change activities will be designed to empower women and families.

USAID/Ethiopia will work towards women's increased participation in decision-making in all economic, political and social matters that affect their lives. Under SO 15, Capacity for Good Governance Increased, USAID/Ethiopia will work to enhance women's capacity to advocate for the improvement of the protection of women's rights. Support will be provided to strengthen CSOs that advocate for gender equality and empowerment of women. In particular, if funding is available, USAID/Ethiopia will support the training of female candidates for public offices and educate women to use their votes to change their disadvantaged positions in society. Moreover, USAID/Ethiopia will build partnerships with relevant stakeholders to address gender based violence and strengthen services to victims of violence against women.

USAID/Ethiopia believes that increasing women's access to productive assets is crucial in combating rural poverty and reducing vulnerability. SO 16, Market-led Economic Growth and resiliency Increased, will work towards addressing women's lack of access to land and credit. Women will be targeted to have increased access to credit. Within selected locales, USAID/Ethiopia will work to ensure that male and female farmers have improved security/transferability right over land. Lessons learned from USAID/Ethiopia funded program-Ethiopian Management of Participatory Opportunities for women in Extension and Research (EMPOWER)-indicated that women's economic empowerment through the introduction of appropriate technologies and establishment of savings and credit associations can result in enhanced family wellbeing. When women are economically empowered, they are most likely to make decisions on family expenditure (food, health, education) benefiting other family members. They also are likely to have a voice and may decide to participate in family planning programs. Under Program Support Objective (PSO 17), gender analysis will be key to strategic gender knowledge support system. As described above, USAID/Ethiopia will use a multi-faceted approach and will build synergy across SO teams to enhance women's economic and political empowerment.

2.9 Incorporating the Conflict Vulnerability Analysis into USAID/Ethiopia Programming

In 2002 and 2003 USAID/Ethiopia collaborated with USAID/REDSO in Nairobi and Management Systems International to complete a Conflict Vulnerability Assessment (CVA). The assessment focused on current and potential sources of conflict at the national level, in the pastoralist tier (comprising the cross-border zones with Kenya, Somalia, Djibouti and Eritrea) and at the inter-state level, and offered integrated recommendations for improved donor focus on conflict and for specific USAID/Ethiopia programming.

At the national level, the CVA focused on problems associated with ethnic federalism; barriers to political pluralism; the economy, food shortages and political unrest; HIV/AIDS; and religious divisions. In the pastoralist areas, the CVA examined tensions surrounding traditional sources of conflict; economic, political and social/cultural marginalization; administrative border unit demarcation; lack of capacity; and cross-border issues. At the inter-state level potential conflicts associated with on-going tensions with Eritrea; the Djibouti Port; relations with Sudan; the Somali question and the Nile Waters were considered.

The CVA provided USAID/Ethiopia with integrated Strategic Objective level recommendations to develop new activities or re-orient existing programming toward the objectives of opening political space and increasing citizen participation in governance; reducing poverty by promoting economic growth and regional trade; improving the security of land tenure; strengthening conflict management capacity at all levels; reducing potential conflict associated with food aid; promoting greater understanding of the links between HIV/AIDS and conflict vulnerability; addressing the potential for urban unrest and political violence; reducing

political, economic and social marginalization of pastoralists; supporting the Ethiopia/Eritrea peace process; and development of the Blue Nile acceptable to other riparian countries.

Since the delivery of the CVA to USAID/Ethiopia, there have been many developments of note, some positive and some negative:

- Ministry of Federal Affairs (MOFA) now has the mandate for conflict management and focus on pastoralist areas;
- Frontline States money to Ogaden (US\$ 3.6 million) and for MOFA (US\$ 400,000);
- Supporting a second phase of the Border Development Program;
- Securing AFR conflict funds for SNNPR;
- CEWARN, the regional Conflict Early Warning System, launched;
- Strife in Gambella;
- Afar-Issa fighting continuing; and
- National Coalition for Food Security established.

The Mission has responded to the recommendations in the CVA -- those that have not been overtaken by events -- with new programming, new proposals, and continued support for ongoing conflict resolution activities by partners. MOFA has emerged as a potentially important partner within the government, giving specific attention to the regions of Ethiopia that have been marginalized, prone to incessant conflict, and too often ignored by the Federal Government unless there is a conflict that crosses borders.

2.10 Partnership with other USG Agencies and Programs

USAID/Ethiopia works in close partnership, with the Embassy colleagues and with other USG Agencies on a daily basis. Developed under the new Joint State-Aid Strategic Plan, the USAID strategy for Ethiopia covers the full range of joint goals and objectives, from promoting economic prosperity and security, democracy and human rights, social and environmental issues, and humanitarian response. USAID has closely coordinated this strategy with the Mission Performance Plan, working closely with the Political and Economic (POL/ECON) Section of the Embassy.

For specific programs, USAID will continue to coordinate closely with the Embassy and other agencies. For example:

STATE/POL/ECON on SO 13 Crisis Management, SO 15 Governance on elections and human rights, and SO 16 Economic Growth and Resiliency, especially on trade and investment (e.g. telecoms) and regional links.

STATE/Population, Refugees and Migration (PRM) on SO 13 Crisis Management and SO 14 Social Resiliency.

The HIV/AIDS PEPFAR Interagency Working Group (Centers for Disease Control (CDC), Department of Defense (DOD), STATE/PRM) on SO 14 Social Resiliency.

CDC on SO 13 Crisis Management and SO 14 Social Resiliency.

National Oceanic and Atmospheric Administration (NOAA), United States Department of Agriculture (USDA) on SO 13 Crisis Management and SO 16 Economic Growth.

STATE and TREASURY on debt monitoring and SO 16 Economic Growth.

In addition, USAID and STATE/PAS will coordinate on SO 17 Knowledge Management. Coordination includes joint participation in steering and technical committees, sharing of information, and joint planning, as in the case of PEPFAR. Under SO 16 USAID will likely work with USDA, USTR, USGS, USTDA, State Department, Treasury Department, and possibly NOAA. An aggressive trade and private sector oriented program will increasingly engage all USG players. A continuing area of collaboration will be the Regional Environmental Offices work on broader regional issues, such as the Nile Basin Initiative and Genetically-Modified Organisms,

USAID works closely with the Chief of Mission (COM) to deepen the policy dialogue with the GFDRE. The U.S. Ambassador participated with the Director at meetings with key Ministers to discuss the broad framework for the new strategy. USAID active participation on the country team assures that its membership

is engaged on the key policy questions. Difficult policy issues are brought before the Prime Minister during the COM's meetings with him.

The Regional Economic Development Support Office of USAID in Nairobi (REDSO) provides excellent backstopping to USAID programs, and in the food security area and trade and investment area, have provided specific technical assistance to the USAID mission and its partners. USAID works closely with the REDSO Regional Conflict Mitigation and Governance Office. Advisors to the regional Intergovernmental Authority for Development (IGAD) routinely brief the Embassy and Mission on developments in that organization and with the CEWARN system that is headquartered in Addis Ababa.

Ethiopia may not qualify for the Millennium Challenge Account funding according to the current status relative to the criteria. It will likely not meet the criteria in the near term years unless steady policy reform and implementation reaps results in the governance, social services, and economic openness areas. Recent progress, as noted in Chapter 1, indicates that it is moving in the right direction. The Heritage Foundation Economic Freedom Index shows that Ethiopia has improved from 3.79 to 3.33 on a 1-5 scale where 1 is better than 5. This is second only to Rwanda in terms of percent improvement. Nevertheless, USAID/Ethiopia's goal, working with other members of the country team, will be to lay the foundation for sustainable development in anticipation of meeting the criteria.

Ethiopia is not currently under any legal restrictions. It does however, have remaining outstanding debts with the USG that threaten 620q restrictions, and it has a handful of unresolved disputes with U.S. businesses. This is being closely watched and managed. Developments in the HIPC II negotiations will be critical. Ethiopia's outstanding debt as of June 2003 was \$6.78 billion USD. Debt service to exports was nearly 220%; the target is debt/export ratio of 150%. The Boards of the International Development Association (IDA) and the International Monetary Fund (IMF) met in April 2004 and approved Ethiopia's attainment of the enhanced Heavily Indebted Poor Countries Initiative (HIPC II) Completion point and topping up of about \$700 million to make the debt burden sustainable.¹⁸ The resulting conclusion of a joint IMF/World Bank review of Ethiopia's progress under its SDPRP states that:

The staffs of the Bank and Fund consider that Ethiopia's efforts toward implementation of the strategy provides sufficient evidence of its continuing commitment to poverty reduction, and therefore the strategy continues to provide a credible framework for World Bank and Fund concessional assistance.

2.11 USAID/Ethiopia's Policy Agenda and Donor Coordination

USAID/Ethiopia has been working closely with other bilateral and multilateral donors in formulating policy and institutional changes, identifying areas that need new policies or better policy implementation, and helping to identify and strengthen constituencies in support of the necessary reforms through the Development Assistance Group (DAG). The DAG has worked with the government through the second half of 2003 to craft a Poverty Reduction Strategic Credit policy matrix. While USAID is not undertaking General Budgetary Support (GBS)¹⁹, nonetheless, it is a significant player in ensuring that benchmarks for the policy matrix are robust, achievable, and significant.

The Government's efforts to establish the New Coalition for Food Security culminated in a Dec 1-2, 2003, conference to secure donor support. At this conference, the Government agreed to a number of changes in its approach to the chronically food insecure, while lamenting the over-dependency on food aid and its "disincentives." The NCFS document is a mix of strong policy intent, specific actions (e.g. water harvesting, voluntary resettlement, extension reforms) and concerns, especially as to how to secure finance for their proposed actions. The common charge, among all participants at the conference, was to act now, while simultaneously studying, monitoring, and learning from the process. For the donors, activation of a steering

¹⁸ State, EB/IFD/OMA confirms that the Paris Club will need to meet after the HIPC II Completion Point is reached to determine the level of debt stock reduction that will be offered by its member countries (Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Norway, Russia, Spain, Sweden, Switzerland, United Kingdom, and the USA). Once the level has been determined, USG bilateral agreement with Ethiopia will need to be revised, signed by the Ambassador and the GFDRE, and a Congressional Notification. With no revision, Ethiopia will potentially go into 620(q) on October 1, 2004.

¹⁹ Known in Ethiopia as DBS, Direct Budgetary Support, in which funds from donors go directly to the Ethiopian Treasury.

committee and agreement on a concrete set of next steps was a top priority. Progress in land tenure security, development of small scale irrigation and market towns, increased rural finance, and the pace and nature of the voluntary resettlement program were raised as concerns. Actions sought include establishing a safety net for the chronically insecure, better monitoring of the situation, and moving on HIV/AIDS programs. The population growth rate was often raised as an overriding concern. But in this area, as with other areas listed, the problem often lay in poor implementation of a basically sound policy. Paraphrasing the Prime Minister's remark: "we have now talked the talk, the government is ready to walk the walk. The time to act is now."

In shaping the policy agenda for the US Government's involvement in humanitarian response and sustainable development -- to get beyond relief and lay the foundation for sustainable development, USAID/Ethiopia must be mindful of its leverage and comparative advantage. As the largest bilateral donor to Ethiopia, the USG can exercise considerable influence at the policy table. But the largest resource the USG brings to the table is food. As one of many players in development assistance to Ethiopia, where several other donors have made Ethiopia a priority country and their largest aid recipient in Africa, USAID must harmonize its efforts to gain maximum leverage. Several of USAID's most successful programs (food aid on the one hand, and cooperative development on the other) are looked at skeptically by other donors²⁰.

Thus, as the Country Mission shapes its policy agenda it must take into account that Ethiopians have many actors telling them what they ought to be doing differently, not all of whom are matching that advice with the funds needed to make a difference. The Country team also realizes that the Ethiopian leadership recognize the USG as a true, reliable partner,²¹ a partner in the War on Terrorism, and a friend to its most aspiring citizens. The Government accepts that the USG has abundant food resources, that we work through NGOs and contractors as well as the Government, that we have virtual prohibitions on GBS²², and that this limits how much the USG can harmonize its assistance with other donors. It does not mean, however, that they would welcome efforts to set up parallel policy agendas and measures. USAID recognizes this fact in establishing results and a program support objective aimed at improving and institutionalizing economically sound, informed decision making, sharing information and foster collaboration in knowledge management and strategic policy development. USAID works closely with all DAG partners, in formal and informal settings, to harmonize our approach on key policy issues. USAID's special interest is to implement needed policy changes across the portfolio.

In the following, we detail a few of these policies that are especially cross-cutting, building on references above under the objectives. Details of the implementation of sector policies are treated in subsequent chapters. Here are a few examples:

The Economic Growth and Crises Management SOs are targeting specific policies for reform, which will increase the capacity for policy analysis and advocacy. A policy matrix will be developed that will allow the mission to track progress from identification of issues, analysis, stakeholder consultations, advocacy, policy reform to actual implementation. Policy here refers to laws, regulations, procedures as well as policies.

Policies targeted by these two SOs include:

- Policies required improving land tenure security and transferability;
- Policies, rules and regulations that limit access to credit for producer groups, cooperatives, small and medium entrepreneurs, agribusiness, and traders
- Policies that constrain the entry of new private providers into agricultural input markets;
- Policies preventing full participation in COMESA's Free Trade Area;
- Food aid policies;

²⁰ USAID funds an independent Bellmon Analysis every year, (a requirement of food aid programs) that examines any possible disincentive effects of the resource. In March 2004, USAID will host a workshop on its successful cooperative development to raise awareness of the ingredients of success: restructuring existing cooperatives to democratically run, business oriented enterprises.

²¹ The only USAID programs suspended during the Eritrea-Ethiopia conflict was disbursement of non-project assistance, while most other donors suspended any new activity.

²² General Budget Support referred to in Ethiopia as Direct Budget Support, or DBS.

- Crisis management policies established for relevant line ministries and regions;
- Policies restricting private investment and trade competitiveness (i.e. accession to World Trade Organization, transport, telecommunications);
- Policies related to appropriate land use and sustainable natural resources management, and
- Emergency assistance reformed to provide a productive safety net for the chronically food insecure.

USAID proposes to strengthen institutions and capacity in Ethiopia to: 1) monitor key climatic, agricultural and economic trends in order to respond to potential shocks or crises on time; 2) be able to undertake policy analysis to offer policy options to decision-makers; 3) advocate for change in an effective way. A Rural Economy Knowledge Support System will be developed by IFPRI (USAID has strong expressions of interest from other donors to jointly support the work of IFPRI) that will be linked into existing famine early warning systems. The knowledge support system will monitor the potential negative impact of food aid on production incentives, markets and private sector development. As part of food policy reform, greater emphasis will be placed on multi-annual productive safety nets for the predictable food insecure, better integration of markets within Ethiopia (high potential to low potential), use to the extent possible of cash for relief and local procurement of food for relief programs, exploring beneficial links between food aid, strategic food reserves and the cereals warehouse receipts system.

Under the Social Resilience Strategic Objective (SO 14) USAID/Ethiopia will focus on population policy implementation and continuing development of a first ever national nutrition policy. Details are in Chapter 4. The Health Sector Development Program (HSDP) is a national sector wide program that has created a favorable forum for both the host government and the donor community. However, the host government has shown low commitment to the implementation of agreed upon recommendations including implementation of the national population policy, a serious nutrition policy, and a minimum operational budget for health at the woreda level. These constraints will be addressed through policy dialogue at high levels of the governments, advocacy through the donor community, and technical assistance in the area of health sector reform, particularly for retention and special pharmacies. The education team will strengthen its capacity building efforts to reach a larger number of staff at the woreda level to overcome the major challenge of decentralization. Another challenge is the lack of coordination and collaboration among different government institutions at all levels. The team will join hands with other SOs within the Mission and dialogue with government institutions to improve coordination.

2.12 Partner and Stakeholder Consultations

USAID/Ethiopia developed a consultation strategy early on in the strategy development process. The compressed time schedule for submission of the strategy has meant that consultations have also been expedited. Planned consultations with different levels of government have so far been restricted to Federal level, with meetings with Ministers and separate meetings with staff. USAID contractors and grantees partners were invited early on to respond to several questions, including:

- Why a paradigm shift now? What's different about this latest crisis?
- What are the top 3 priorities for USAID to implement this paradigm shift?
- What may be binding constraints?
- How can you adjust to the new paradigm and its possible consequence with regard to targeting.

The discussion provided valuable insights into how our partners viewed the situation and our proposed response. It reaffirmed the need to focus on and support the Government's efforts to strengthen the role of communities. It stressed that the burdens on women should not be ignored, and that safety nets would still be needed for some time. These are reflected in the new strategy.

Within USAID, consultations with REDSO have been substantive, with considerable involvement of REDSO staff in developing and drafting parts of the strategy. OFDA, represented by the DART team has been a major player in shaping the USAID/Ethiopia thinking on managing shocks and integrating attention to vulnerability across the portfolio. Washington consultations are carrying on at the AA and DAA level (AFR, GH, EGAT, FFP, PPC...) and at the technical level. The strategy development has benefited greatly from TDYs and virtual teaming, especially from AFR/SD and AFR/DP/POSE, GH, and EGAT. With all the various units involved, one can say the document is truly an Integrated Strategic Plan.

2.13 Analytical Work for Strategy Development.

There has been a great number of studies on Ethiopia ranging from examining the lessons learned from various emergencies, tracking the role of food aid and the Cooperating Sponsors that deliver it, to a Diagnostic Trade and Investment Study, and supporting analyses for the recent Country Assistance Strategy of the World Bank, and new strategies for the Swedish and Canadian development assistance. USAID/Ethiopia staff have used these studies to shape their thinking, strategy development and planning.

USAID/Ethiopia completed the Conflict Vulnerability Assessment in spring of 2003. The Environmental Threats and Opportunities Assessment was completed in February 2004. The Gender Analysis was completed in the same month. These mandatory analyses have informed the program. Summaries for the latter two, with recommendations for each SO, are shown in Annexes 3 and 4, respectively.

In addition to these analyses, USAID has benefited from a series of studies and evaluations over the past year. These are listed in Annex 5. In sum, the studies on livelihoods, vulnerabilities, land, water, and public private alliance and credit guarantee opportunities have been timely and informative. USAID will be using the design and implementation process and our knowledge management SO 17 to continue to refine our knowledge base and apply it to implementation. USAID will continue to apply the lessons learned and build on new analyses and information. Implementation designs will incorporate the analyses.

The following chapters describe in greater detail each of the objectives. The annexes include summaries of some of the analytical work, thus far.

CHAPTER THREE: SO 13: CAPACITY TO ANTICIPATE AND MANAGE THROUGH SHOCKS INCREASED

3.1 Development Challenge and Response

All countries are subject to shocks, both occasional and recurrent. What distinguishes a food secure state from a fragile state is its ability to cope with these shocks. The level of economic development has a major influence on a country's ability to cope; wealthier countries cope better with shocks than poorer countries. Political, social and economic factors are also important such as inequities in access to income and assets, weak institutions, poor governance, poor infrastructure and levels of armed conflict. The same concept applies to the household level --- the ability to cope with shocks depends on the strength of the coping strategies. Shocks that affect households and the communities they live in can be natural, economic, political or social/health-related.

The recent drought in Ethiopia is simply the last in a series of shocks including the lack of recovery from past droughts with its subsequent environmental degradation, the price collapse after the last bumper harvest of 2001 and the high level of farmer indebtedness, the sharp deterioration in coffee prices, the livestock ban in the Arabian and Gulf states, and the conflict and continued border closure with Eritrea. The effect of these events has been multiplied by poor infrastructure, poor market integration (inability to redistribute localized surpluses to high demand markets), and a weak government policy environment. At the household level, it has resulted in a cumulative deterioration of assets for those least able to cope.

A strong functioning crisis management strategy is essential to prevent even minor shocks from escalating into large scale disasters. The challenge is to improve the existing system to provide better early warning signals based on a solid understanding of livelihoods and incorporating health and disease surveillance information with traditional early warning indicators. Moreover, this enhanced knowledge must be used to develop locally appropriate contingency plans with committed funding; and to build the capacity of the government to implement the improved system.

Successful crisis management for Ethiopia depends on:

- Conducive policy environment including political commitment,
- Increased agricultural and economic production,
- Access to the benefits of increased production, and
- Ongoing support in the form of emergency aid for an interim period of at least five years until the impact of other policies and programs start to take effect.

USAID faces an important internal challenge: to integrate development and relief within the framework of a new paradigm. This must go beyond rhetoric and become operational. It requires crossing traditional organizational lines to have joint responsibility for reaching common goals. To reach the goal of establishing the foundations for reducing famine vulnerability, hunger and poverty, root causes must be addressed to ultimately build sustainable household and community assets. To protect these assets, there must be a functioning early warning system (EWS) to provide contextual information on more than traditional indicators; this system must have the means to generate timely action (both anticipatory and response) on an appropriate scale in order to protect local, regional and national development investments. These rapid response interventions must cross sectoral boundaries to include much more than food. Each sector must have a crisis management strategy so that the full range of response tools are available at the first sign of a livelihood crisis (e.g. the agricultural sector could have an emergency seeds response and an emergency livestock off-take response).

The Ethiopian Government has recently demonstrated increased political will to address food security and sustainable development. The government has shown an increased willingness to open up avenues of dialogue with the international community, as well as national actors such as the private sector and civil society. Throughout the emergency of 2002/3, the GFDRE showed tremendous leadership in spearheading an unprecedented response (albeit food-focused) to the crisis. The Disaster Prevention and Preparedness Commission (DPPC) completely opened up the assessment and appeal process to wider agency

involvement and effectively managed the logistics of over 1.8 million MT of food aid. Fulfilling its role as principle donor coordinator, the DPPC worked openly and collaboratively with partners, demonstrating the fruits of years of capacity building efforts. In June 2003, the government established the National Coalition for Food Security program that incorporates lessons learned in famine prevention and moved toward a strategy to combat poverty and food insecurity while laying the foundations for sustainable development.

Creative strategies that prevent people from having to liquidate their productive assets, and even enhance their productive capacity to be better able to withstand shocks and avert crises are desperately needed, but the Government does not have the funds or capacity to implement such programs, and non-governmental organizations are unable to extend their influence outside of highly localized areas.

3.2 Building on Prior Experience and Lessons Learned -- Successes and Challenges

Ethiopia is currently in a crisis – a crisis that may go unheeded due to the very success of the emergency response. In 2002-2003, donors, government and NGOs worked together in an exemplary manner resourcing an unprecedented 100% of the appealed for food aid resources. However, this emergency appeal included both chronic and emergency needs and resulted in a level of response most observers believe will not be replicated. Depleted coping strategies have not been restored because of a few months supply of food. Relief provided on an emergency basis has barely kept the poor above water. At best, it has simply kept people in a holding pattern. It has not built assets nor has it secured livelihoods. That it has saved lives is without question, but now livelihoods must be saved. It requires all of the determination of the last emergency. However, old lessons are not being learnt -- some attention is being paid to recovery but the resources available for addressing root causes are woefully inadequate. Instead, a much smaller input, a more flexible and diversified input earlier on would have much more impact than food aid at the tail end of a crisis.

Shocks are not just climatic, but may also be more subtle, or may develop more slowly. For example, when the HIV/AIDS rate rises above a critical level, it constitutes a shock to the productivity of the country. Yet the current early warning system has failed to go beyond climatic and basic market shocks in its analysis and fails to incorporate the low base from which most of the vulnerable begin with dangerously weak health status, insufficient education and a lack of economic options to improve their lives. The most serious deficiency in the early warning and assessment processes has been its primary focus on production. Assessment missions traditionally report on surplus or deficit crop production but do not determine who has access to that production and how they gain it. Access is the missing dynamic to enable the system to make sense of production figures. But access goes far beyond crop production. For example, in the most vulnerable areas of Southern Nations, Nationalities and Peoples' Region the poorest are heavily dependant on wage labor. They use this cash income to purchase food because their own production is insufficient to meet food needs. A major source of this income is from labor opportunities on the neighboring coffee plantations. When coffee prices crashed, their labor opportunities fell -- and so did their ability to access food. To the poor, falling coffee prices is a shock that can have a greater impact than drought. This demonstrated that systems for early warning and assessment must be improved to incorporate access through livelihoods analysis.

To effectively manage future shocks, a wider range of response tools/instruments are needed rather than simply food aid. For instance, food aid may be less appropriate in pastoral areas than livestock or market interventions. Choosing the right tools depends on a solid understanding of livelihoods and coping strategies. Flexibility of response is also crucial. A successful outcome will occur if the situation, rather than the type of available resources, determines the response.

Two important mechanisms prompted an earlier response in the last emergency: contingency planning with the use of scenarios, and increased coordination and collaboration by the government and the aid community. The USAID investment (particularly in human resources) and leadership in emergency coordination was crucial in facilitating the improved response. By agreeing to work together in a transparent manner to produce joint assessments and a joint appeal, donors were able to commit resources much earlier. More broadly this spirit of collaboration has extended to the food security sector and the Coalition on Food Security with strong government commitment. USAID must maintain an active leadership role and continue to actively seek collaboration with all major players involved.

The National Disaster Prevention and Preparedness Policy (NDPP) clearly states the roles of all actors including line ministries in emergencies – but policy reform must be backed by internal government coordination to implement the changes.

3.3 Program Rationale and Development Hypothesis

USAID can act as a catalyst in crisis management with technical and funding inputs to develop common approaches, to ensure a government-led process with joint agency buy-in, and to build capacity to implement new approaches. This will build on the positive momentum of the joint donor-government collaboration established during the emergency to push for real and substantial change.

Shocks are inevitable and devastating in scale in Ethiopia. If not addressed quickly and with adequate resources, they undermine ongoing development programs and destroy livelihoods. If not managed properly, the response itself can also damage development efforts, not least by diverting development resources to fund the emergency response.

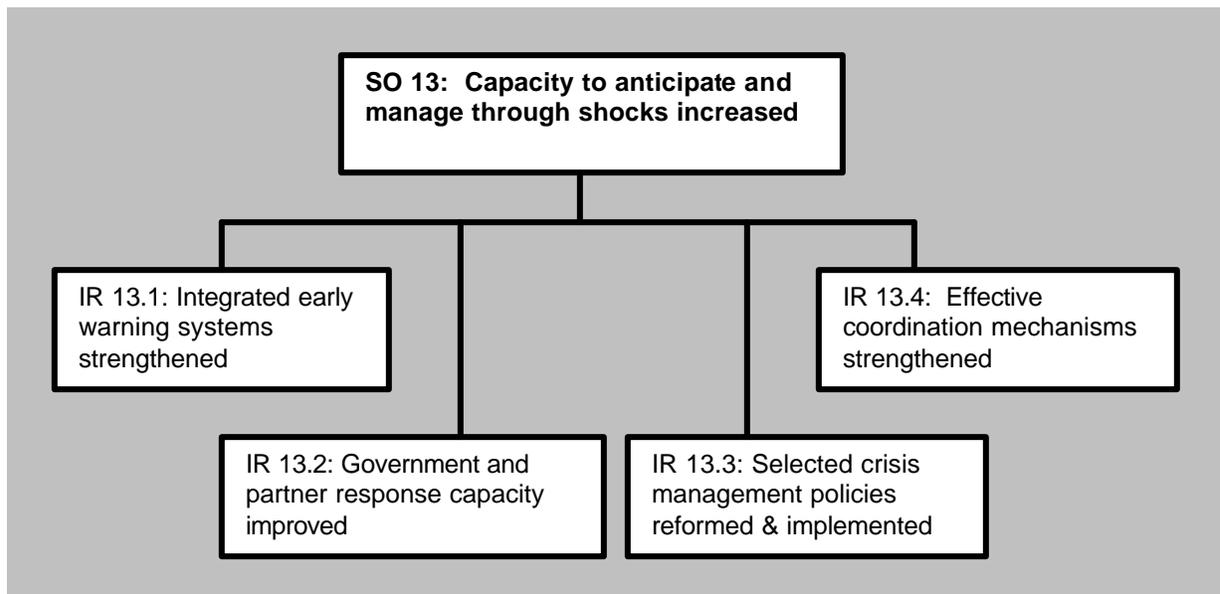
The increased capacity to anticipate and manage through shocks is a critical component to reduce famine vulnerability. While efforts are increased to build viable and secure options for Ethiopians, it is essential that a functioning crisis management system exists at all levels of government to protect households from the breadth of shocks that affect this country.

Anticipating and managing through shocks will also reduce hunger and poverty. By providing an earlier and more contextualized warning, the government and its partners can initiate an early and appropriate response to prevent asset erosion. It is critical to have a mechanism to support and maintain the development investment – an investment that must trigger the engine of growth.

3.4 Results Framework and Discussion

SO 13: Capacity to Anticipate and Manage through Shocks Increased

- IR 13.1 Integrated early warning systems strengthened
- IR 13.2 Government and partner response capacity improved
- IR 13.3 Selected crisis management policies reformed and implemented
- IR 13.4 Effective coordination mechanisms strengthened



SO Level Discussion

USAID can no longer afford to do business as usual. There is a sense of urgency to explicitly integrate both humanitarian and sustainable economic growth assistance to concurrently protect the vulnerable and tackle the root causes of food insecurity. Relegating crisis management to one sector only serves to increase the divide.

Improved government and local capacity is key to better managing all types of shocks (climatic, economic, social, health, etc.). Unless USAID sends a strong signal to the Government that it is serious about the link between disaster management and long-term development, the issue will recede from the agendas of both the Government and donors as the emergency wanes. Inevitably, the next shock will arrive and the systems will not be primed to respond early to prevent the slide into emergency. Building crisis management capacity is essential in Ethiopia.

Crisis management requires both intra-sectoral and inter-sectoral responses. Intra-sectoral responses are where a sector specific SO such as Agriculture and Natural Resources (ANR) undertakes a shock-related activity as part of its core business (e.g. emergency livestock off-take or emergency seed distribution). Inter-sectoral responses refer to activities that cut across different sectors. The separate SO provides overall coordination and the appropriate technical assistance to other SOs which implement crisis-related activities. It also captures activities unique to this sector that are beyond the remit of other SOs.

What does this really mean? It means that in order to build the resiliency of communities to withstand shocks without exhausting their coping mechanisms, there must be a strong capacity to manage the effects of those shocks. Specifically, a strong and responsive crisis management system will intervene at the first signs of a shock to protect the assets being built through development inputs and economic growth. In turn, protecting assets is essentially about two things: timeliness and appropriateness of interventions. Essential to these two factors is an operational strategic decision support system that integrates information systems and livelihood information to concurrently support early warning monitoring, long-term development planning and policy management.

What is different? The focus on livelihoods and access within a more integrated early warning and needs assessment system, the emphasis on crisis management based on the improved information systems, and the clear integration of other sectors into crisis management in general makes this SO different.

The following are among the principal features of the new SO:

1. The disaster management function of the Mission is no longer “stove-piped.” Essential activities are now integrated across the sectors while coordination and inter-sectoral support are presented within a single strategic objective.
2. There is a strong move away from triggering only a food intervention in early warning, contingency planning and response. Similarly, there is a move away from focusing exclusively on crop production in needs assessment to incorporate access in a livelihoods framework. The model moves beyond crop production based information and assessment systems to analyze access to food and income, and a broader range of information on health, nutrition, water, etc. at the household level.
3. Currently, the EWS and needs assessment system only analyze the impact of drought on crop production. The new framework will show how a wide range of shocks impact on household food security. Nationwide livelihood baselines will be developed against which the impact of shocks will be measured. Coping strategies will be quantified and needs calculated for each livelihood zone.
4. The impact of HIV/AIDS on food security is given a major focus; wider implications of increasing infection rates on the household and community are considered in the analysis to consider ways of minimizing the effect of HIV/AIDS on livelihoods.
5. The development of contingency planning for food and non-food responses will be built at the national, regional and selected woreda levels. More focus will be given to developing contingency plans that are simple and appropriate for each livelihood zone, and detail the priority early interventions that best serve to protect livelihoods, given the way people survive in that area.

The activities planned for this SO will be flexible to allow for modification to adapt to the ever changing emergency response environment in Ethiopia. USAID/Ethiopia will be working to build capacity through this SO. Collaboration on this effort with other donors will be led by the GFDRE.

SO Level Results

Percent of vulnerable persons receiving timely assistance

The SO will have been achieved when the early warning system is able to incorporate livelihoods and other sectoral information to produce earlier and more prescriptive information. This in turn will directly link into improved contingency planning systems that will pre-determine the most appropriate early interventions needed to protect assets and, by extension, livelihoods. The needs assessment process will be based on the integrated information system and will account for access as well as production to better determine the needs of the most vulnerable. The output will focus not just on food but the right mix of interventions best suited to the needs of the particular livelihood zone. Capacity will be built with both government and key civil society actors to implement the improved system.

The outcome will be an earlier and more appropriate response. By utilizing fewer resources earlier on, a greater impact will be made in terms of protecting assets. The end result will be a greater percentage of vulnerable people receiving the right assistance at the right time, thus reducing their long term vulnerability to shocks and contributing to the building of resilience.

IR 13.1 - Integrated Early Warning Systems Strengthened

Integrated information used in needs assessments

Integrated information used to formulate contingency plans

Early warning information gathered in Ethiopia has historically been limited to traditional early warning indicators such as climatic data, crop production, markets and prices, and intermittent nutritional surveillance. The geographic focus has been limited primarily to the most drought affected areas of the country. The system does not function properly and with decentralization, the capacity to collect, transmit and analyze information has been weakened further.

Serious gaps in information prevent government agencies and coordinating partners from creating a comprehensive outlook of current and future conditions, seriously limiting their ability to adequately predict and respond to emergency needs of affected populations. This is evident with respect to the emergency/shock induced health and nutritional deterioration of vulnerable groups, and in the lack of analysis of urban vulnerability. Gaps in geographical coverage must also be addressed; in particular, there is a need to systematically include pastoral areas.

The most serious deficiency in the early warning and assessment processes has been its primary focus on production. Assessment missions traditionally report on surplus or deficit crop production, but do not determine who has access to that production. Access is the missing dynamic to enable the system to make sense of production figures. Attempts have been made to incorporate access into early warning and needs assessments, but the attempts have been ad hoc and imprecise or simply wrong. Recent developments have broadened the access issue to consider livelihoods as a whole and how shocks impact on livelihood systems – in short, how vulnerable are people and what is the effect of the shock? The new focus is on understanding the context within which people live and how this makes them less or more vulnerable to risk.

However, early warning is not solely about producing information -- it is about using information. It must be explicitly linked to decision making. Good information does not equal response. It must be analyzed and packaged in a way that is accessible and answers the key questions needed for response. And it must have legitimacy. In 2002-2003, the coordination mechanism lent legitimacy to the process and served to verify and sanction the information. Most importantly, it allowed agreement to be reached much earlier and led to an earlier response.

Lack of capacity is an ongoing problem. The current information and response structures are lacking in trained staff, basic equipment, and access to transportation. This is particularly a problem at the regional and woreda levels of the most vulnerable areas. The experience in SNNPR demonstrates how lack of capacity is a direct impediment to response.

This IR will address these constraints on several levels. It will assist the government to improve procedures for early warning which identify problem areas and vulnerable groups by improving livelihoods analysis, and nutrition and health monitoring. Health and nutrition monitoring will be more closely coordinated between the Ministry of Health (MoH) and the Disaster Prevention and Preparedness Commission (DPPC) -- working in collaboration with SO 14, early warning systems will be improved by systematically introducing vulnerability analysis. The system will be able to quantify household deficits and coping strategies in order to produce the most useful estimates of need.²³ Pilot urban assessment will be undertaken and market collection systems for grain and livestock will be further integrated. The impact of HIV/AIDS on food security will be introduced as part of ongoing monitoring and analysis systems. The national needs assessment process will be improved by making it more transparent, by including neglected marginal areas, adding a livelihoods and nutritional dimension, and by generating estimates for both food and non-food needs. It will improve the linkages between early warning, needs assessment and targeting to ensure that targeting is based on the best available integrated information. The contingency planning process will be clearly linked to the integrated information. Finally, the newly-integrated information and analysis system will be used in other sectors for development planning as well as policy development.

At the end of the strategy, there will be improved procedures for early warning, and improved procedures for needs assessment that identify problem areas and vulnerable groups through improved livelihood analysis.

Focusing more on risk and vulnerabilities will lead to greater similarities between the approaches used to assess food insecurity in both emergency and non-emergency settings. Better problem analysis will result in better program design, greater synergy, and increased impact. The contingency planning process will be improved by designing a range of activities that best reflect the most important food security constraints of that area. The needs assessment process will more specifically include this integrated information which will improve its accuracy and improve targeting. The end result will be a more integrated and timely response that balances food and non-food responses to address the full range of basic needs.

IR 13.2 - Government and Partner Response Capacity Improved

Percent of people receiving appropriate assistance

Number of chronically food insecure people taken off the emergency appeal

Historically, the key underlying constraints in addressing any type of shock in Ethiopia, whether economic, policy, drought or famine, has been the inadequate capacity to respond to shocks quickly enough to save lives and livelihoods, and thereby prevent famines. Currently, crisis responses focus on international actors using international resources; and even these systems have been inadequate to reverse the processes of famine. These capacities will still be needed in the short to medium-term in Ethiopia, but there are local and national formal and informal systems for responding to crisis in Ethiopia on which to build.

In addition, there is a particular need to strengthen nutritional, health, agricultural, economic and water/sanitation responses to crises. First-line response capacity is often embedded in livelihoods systems. Thus weaknesses in livelihoods systems at the household, community and woreda level undermine response capacities. The role of the private sector in responding to shocks is largely unexplored, as is the role of civil society in holding authorities accountable for responses to crisis and in responding to crisis themselves, outside of government.

²³ And answering these key questions is fundamental to decision makers: Who has access to resources? How do they have access? What are the constraints to this access? Who will be affected by a decline in availability or access, how badly and why? How can we intervene most effectively in both the short- and long-term, given our understanding of livelihoods?

It is imperative that coordination and communication between woredas and regions, and regions and the federal level be improved. For example, in some places information collected at rural health posts rarely gets reported to the woreda health offices. Even if information is passed along, it is rarely analyzed to identify areas in need of close monitoring or of immediate attention.

A particular area of concern is the evolving roles of the national and regional Food Security Offices that are assuming the responsibility for chronic needs. At present these units are unprepared and unaware of the enormity of the task ahead of them. As these units evolve USAID will seek to provide support for capacity building. With the mandate for addressing food insecurity changing (e.g. DPPC's responsibility for emergency and the Food Security Office' responsibility for the chronic caseload) care must be taken to support the most appropriate government structures.

Ethiopia's emergency response system is critical to the country's future. The next large scale humanitarian disaster could occur as early as later this year (2004) and will be magnified by the weakened and vulnerable state of millions of people. The response system must be restructured, strengthened, and capacitated. If it is not, the next disaster will be overwhelming.

To address these constraints, this IR will work on several levels. Direct resources will be provided to develop crisis response capacity at regional and selected woreda levels through training and equipment provision. Rapid response (surge) capacity will be clearly defined and developed within the government and local organizations. Response strategies will be improved to better balance food and non-food needs based on improved needs assessment process. Special attention will be given to develop response strategies in each sector. Mechanisms will be developed to strengthen links to the Ethiopian private sector to increase its role in times of crisis. More broadly, civil society will have an increased role in response to increased accountability and the overall quality of the response.

At the end of the strategy, crisis response capacity will be improved at regional and selected woreda levels. There will be increased clarity about roles and responsibilities for response at regional and woreda levels. Rapid response will be more timely and appropriate because of clearly defined response strategies in each sector. The response will have a better balance between food and non-food interventions. The private sector will be more integrated into the response system and the role of civil society will be increased.

IR 13.3 - Selected Crisis Management Policies Reformed and Implemented

Number of steps towards policy reform taken [policy matrix to be developed with specific steps]

Vulnerability to famine is a function of the combination of exposure to a hazard (e.g. drought, flood, pest infestation, market collapse, epidemic, etc.) and the level of resilient capacity for managing that exposure (e.g. savings, baseline nutritional status, access to health services, etc.). Strategies to combat famine vulnerability must therefore include a combination of reducing exposure to shocks and also of ensuring that local, regional, and federal capacities exist to address shocks in a timely and appropriate manner before risks and vulnerabilities deepen to produce widespread famine. To address famine vulnerabilities, it is necessary to guide and support policies and strategies addressing a variety of issues, including environmental degradation, access to health care, nutrition surveillance and response, and responsibilities and accountability within each line ministry.

The reformulation of government policies requires a long and careful process of dialogue based on open communication. It is a medium- to long-term process that requires an appropriate and sensitive approach. It must be carried out in conjunction with other shorter-term activities aimed at relieving immediate suffering. But changing policies is not enough – meaningful change requires buy-in. Policy reform must be backed by the will to implement the changes at each level.

This IR will work to address these constraints in a number of ways. Crisis management responsibilities will be clarified for line ministries at the federal level and in select regions. DPPC will no longer have sole responsibility for responding to disaster. USAID will support the Government to update policies where needed. USAID will also support implementing line ministries to develop disaster management units clearly designated as a focal point in the Ministry. The same structure may be duplicated at the regional level, albeit

with a much more limited staff. Priority will be given to a clear delineation of roles and responsibilities between the DPPC and Food Security Offices. USAID will assist the government to develop a transition plan to meet chronic needs by using existing capacities as much as possible (such as the logistical capacity within the DPPC). The transition plan must be implemented as soon as possible to meet immediate food needs and to prevent further erosion of assets among the chronically food insecure. In addition to emergency reform, other examples of areas of GFDRE policy reform, which will be assisted, include:

- Nutrition policies will be standardized to ensure common operational standards such as the standardization of weight-for-height as an indicator for acute malnutrition, rather than using weight-for-age or height-for age, which are indicators of chronic malnutrition.
- In collaboration with SO 16, selected land management policies will be updated to deal with the degradation of grazing lands through more sustainable land management policies.

Finally, the lack of access to drugs and health care in emergencies has resulted in large increases in excess mortality, particularly of young children. Reducing mortality and morbidity rates will therefore be linked to pre-placement of needed drugs in areas where there is high potential for disease outbreak (e.g. malaria-prone zones), and to increased coordination within the health system so that field-level health centers are aware of when the MoH policy for release of free drugs is in effect.

At the end of the strategy, there will be a much better understanding of the roles and responsibility of each line ministry in crisis management. This will be a shared understanding with clear lines of accountability for each sector incorporated into policies and job descriptions. Specific crisis management units will be established in each ministry leading to a much improved response. Roles and responsibilities between the Food Security Offices and the DPPC will be clarified to ensure that the needs of both the chronic and acute food insecure populations are met without any gaps. Improved nutrition policies will result in a better nutritional response in the next emergency. MoH policies for health needs of at-risk populations will be strengthened and result in a better health response to the next emergency. Pastoral populations will be less at risk with improved land management policies. Mortality and morbidity rates will be reduced in the next emergency through the pre-placement of needed drugs in key areas and through increased coordination within the health system.

IR 13.4 - Effective Coordination Mechanisms Strengthened

Effective coordination mechanisms established and functioning at the regional and woreda level

Federal inter-agency coordination was a critical element in the unprecedented emergency response to the 2002/3 emergency. A decision by the government to fully open the needs assessment and appeal processes to international agencies, and a serious commitment by donors and NGOs to work together outside of traditional agency lines, greatly sped the response. Most of the gains in closer coordination can be attributed to key proactive individuals pushing boundaries rather than as a result of specific institutionalized agency mandates.²⁴

The situation was starkly different in many of the regions. The lack of effective coordination at the regional level was one of the biggest barriers to information flow and rapid response. In the case of SNNPR, this led to a desperate situation of chasing after fragments of alarming malnutrition and mortality information. Faced with a very serious emergency and little government capacity to coordinate, USAID had to create coordination mechanisms and structures which should have been in existence. This further delayed implementation. However, regional governments did take a strong lead in coordinating emergency assistance once the problems became apparent.

While coordination between the government and international agencies was significantly better during this crisis, intra-government coordination was weak. Under the National Disaster Prevention and Preparedness Policy, the DPPC is charged with overall coordination and the line ministries are responsible for their own

²⁴ Although this was a marked and positive change from previous years, there is still much work to be done in terms of inter-ministerial cooperation.

specific mandate, e.g. Ministry of Health for emergency health interventions. In practice this did not happen and the responsibility for response remained effectively with DPPC with nominal line ministry involvement. The problem was compounded by poor linkages from the federal to regional level and the confusion and dispersed capacity brought on by decentralization. Further complications are arising as the role of the DPPC is refined and the Food Security Units become more operational to address rising food insecurity.

The Prime Minister announced at the New Coalition for Food Security meetings December 1-2, 2003, that the government was reforming disaster management systems. USAID/Ethiopia will work with the DPPC, the newly formed Ministry of Agriculture and Rural Development, and the Ministries of Health, Education, and Water Resources and their regional and woreda level counterparts to support these reforms. It will work to enhance coordination between relevant government stakeholders (specifically line ministries and regional governments) at national and regional levels with priority given to regional level: Clarified role of line ministries in crisis management and emergency response will be clarified; Improved coordination between humanitarian actors at the federal and regional levels will be improved. Last, special attention will be given to ensure that the DPPC and Food Security Offices are effectively integrated in order to cover both emergency and chronic food needs. It will ensure that regional capacity building efforts include support to the development of regional coordination mechanisms with clear mandates, lines of communication both upwards and downwards, and accountability. The IR will improve and support information and communication systems with a focus on federal to regional and regional to woreda levels.

At the end of the strategy, overall coordination mechanisms will have improved measurably, from federal to regional levels and from the regions to the woredas. Strengthened information exchange and coordination mechanisms will improve overall response capacity by reducing duplication and increasing synergies.

CHAPTER FOUR: SO 14: HUMAN CAPACITY AND SOCIAL RESILIENCY INCREASED

4.1 Development Challenge and Responses

Social indicators presented in Chapter 1 demonstrate that the vast majority of Ethiopia's population is severely compromised in terms of health and education, the key components of human capacity. Ethiopia is in a state of chronic "excess mortality". Even in a non-drought year, Ethiopia has 472,000 deaths of children less than five years of age, mainly from preventable causes such as diarrhea, malaria, and acute respiratory infection. Analyses show that 58% of all under-five deaths stem either directly or indirectly from malnutrition even in its milder forms (Profiles). Thirty percent of Ethiopian women are at critically low weight for height, causing them to have low birth weight infants who in turn find their health compromised throughout their lives. The unmet need for family planning is about 36%, and about one-fourth of deaths of women age 15-49 are pregnancy-related. A significant number of deaths during the 2002-2003 drought were due to infectious diseases (including AIDS), prevailing chronic malnutrition, and lack of potable water and poor sanitation, not from lack of food.

The drought crisis highlighted a weak health infrastructure nationwide, particularly the logistics management of essential drugs, contraceptives, vaccines and the inability of communities to handle nutrition emergencies. About 50% of the Ethiopian population has access to health services. Immunization rates are generally low. Only 20% of the rural population has access to safe water sources, and even fewer practice effective sanitation. Adding to the complexity, the per capita expenditures for health from all sources is low, \$5.60 versus an average of \$12.00 per person in the Africa region. The lack of routine health services and personnel is so severe in some areas that resiliency to drought and the ability to respond to shocks is very weak.

There are no clear data available on the nature of the HIV/AIDS epidemic in Ethiopia. While concentrations of HIV-infected people are found in urban areas, there are also significant numbers of HIV infections disbursed among the rural population. There are few disaggregated data but experience from other countries and the limited data on Ethiopia suggest that the groups engaging in high-risk behavior or at risk in Ethiopia are the same as in most other countries. These include mobile men, commercial sex workers, men with disposable incomes²⁵, internally displaced people and refugees, youth – particularly females (females aged 15-24 have the highest prevalence rate of any population group in the country at 12.1%) and the military.

Gender roles are a major constraint in terms of combating HIV/AIDS. The UNDP has ranked Ethiopia 139 out of 144 countries in terms of the status, treatment and participation of women. Socially, women are subordinated; cultural and religious customs support male over female rights and gender and sexual violence are widely accepted. Women have been socialized to accept cultural norms that disadvantage them. "Traditional" male and female roles reinforce risk behaviors. For example, in some areas of Ethiopia, young men are expected to prove their masculinity by having a number of sexual partners. Women have limited power to refuse sex, to choose a sexual partner or to negotiate condom use. There are wide disparities in terms of knowledge and awareness between men and women. The unequal power between men and women and social and cultural institutions that accept sexual violence, both inside and outside of marriage, increase the vulnerability of women to HIV infection and limit the options for women who are infected.

Ethiopia's low levels of education and literacy are inextricably linked to the problems of health and HIV/AIDS. Although gross enrollment rates have more than doubled in the last 10 years, only about 9 million (5.1 million boys and 3.6 million girls) of the 13.9 million primary school-aged children are currently enrolled, with high drop-out and repeater rates. The impact of children's health and nutritional status on their access to and benefit from education is clear: poor health decreases attendance and completion rates, and impairs children's ability to learn. Conversely, schools have proven effective points of entry to improve health and nutrition as demonstrated in the recent drought when school feeding programs supported by USAID and

²⁵ "Men with disposable income" is used to describe men who have the ability to provide money for sex, who are often located away from their families, such as teachers and government workers.

WFP maintained the nutritional status of 153,445 children. A new USAID-supported initiative in child-to-child health at “champion schools” is expected to increase the link in non-crisis times as well.

The gender gap in enrollment was 20.8% in the most recent academic year, and girls’ drop-out rate was higher than that of boys. Increasing girls’ enrollment and assuring their persistence in school is particularly important if the “traditional” male and female roles influencing the health status of women and children and HIV/AIDS incidence are to be addressed in the short- and long-term. Data from the 2000 Demographic and Health Survey (DHS) demonstrate clear links between women’s educational achievement and reproductive health, use of family planning, and improved infant and child health. USAID has achieved modest success at increasing the number of female teachers to serve as role models and at increasing girls enrollment and persistence in a number of programs (Girls Scholarships, BESO I and II tutorials for women teacher trainees, Community Schools Grants Program, Community-Government Partnership Program) but much more remains to be done.

The regional gap in primary school enrollment is getting wider. In 1996, the gap in primary school gross enrollment rates between the lowest (Afar Region) and highest (Addis Ababa) performing regions was 71.9 percentage points; by 2002 it had increased to 121.6 percentage points.²⁶ This gap reinforces perceptions of unequal resource allocation and thus is of concern as a potential pressure point for conflict. The recent establishment – with USAID support – of a “center of excellence” for pastoralist education in the Somali Region should provide a point of entry to decrease the worst of the discrepancies, but this will take some time to yield results.

Educational delivery systems are weak at all levels. A large portion of the teaching force lacks sufficient training. Teaching remains largely “chalk and talk” and efforts to increase the use of learner-centered approaches are constrained by large class sizes. Efforts to increase the supply of textbooks and teachers, as well as the construction of additional classrooms, are simply outpaced by the growth in enrollment, which in turn is aggravated by high population growth.

Ethiopia’s adult literacy rate is also very low. In 2001 adult literacy rate at national level was 31.3% (42.7% for males and 20.6% for females). It is obvious that the lack of access to basic education and literacy impacts the economic and social resiliency of both individuals and communities.

USAID has been a leading donor since 1994 in assisting the GFDRE to address the challenges in health and education through the national health and education sector development programs (HSDP and ESDP). An April 2003 review of the HSDP led to the adoption of recommendations in a number of areas, notably health sector reform, improving health management information systems, implementation of the health extension package (HEP) to expand services to the rural population, strengthening logistics systems, and strengthening the Global Fund Country Coordinating Mechanism for HIV, Malaria and TB. To a lesser degree officials support improving family planning and nutrition services, and integrating emergency response as a line ministry responsibility.

Both the HSDP and ESDP, as they have evolved, place increasing emphasis on improving the types and levels of community participation in the management of essential service delivery systems. In the case of health, this centers on implementation of the HEP through training and deployment of two (female) health workers in each community (kebele) to promote preventive essential health interventions, including HIV/AIDS prevention and control. In education, the federal ministry and regional education bureaus are increasing emphasis on the need to improve teachers’ professional capacity and involve parents in school management, and to mobilize parent-teacher associations (PTAs) to improve school quality and management.

This new GFDRE emphasis on the community is particularly supportive of the proposed new USAID strategy to maintain or build assets so that households and communities are more resilient, i.e. they are better able to weather future shocks that may occur. The recent drought revealed that many communities had reached their “breaking point” and were not able to marshal traditional coping mechanisms to meet the needs of the

²⁶ Gross enrollment rates in excess of 100% found in regions with high enrollment of over-age and under-age children in primary school.

most vulnerable. This deteriorating social resiliency is of concern to all sectors that place communities as the key to sustainable development. Strengthening resiliency to withstand shock requires human capacity to organize; to assess situations; and to plan and implement appropriate programs and activities at the community (kebele), district (woreda), regional, and national levels. The proposed new SO 14 proposes to contribute to that end.

4.2 Program Rationale and Development Hypothesis

The proposed Human Capacity and Social Resiliency SO 14 responds to GFDRE policies and strategies in health, HIV/AIDS, and primary education which emphasize empowering woredas and communities to plan and manage social service delivery while at the same time strengthening key national and regional systems, thus assuring the necessary quality and support of community actions over time and through shorter term emergency situations. The new strategy establishes clearer links with emergency preparedness and also includes broader cross-sectoral interventions such as nutrition, water supply and sanitation, and health education. Links are made with SO 13 in the areas of community emergency planning, emergency response training for institutions of higher learning, pre-positioning essential health commodities in drought vulnerable areas, and strengthening disease surveillance and emergency early warning systems.

The development hypothesis underlying this SO is that Ethiopia needs to improve the health and education of its citizens if households and communities are to have the capacity to be able to maintain assets at a level where they are able to withstand future shocks. In this hypothesis, “human capacity” is characterized by two key dimensions, adequate health and quality primary education. “Adequate health” implies the prevention of infectious diseases, including HIV and AIDS, TB, and malaria; access to family planning and other reproductive health services; access to key child health services such as immunizations, appropriate care for the sick child, and adequate nutrition, especially for children and pregnant and lactating mothers; and access to a safe water supply. “Quality primary education” implies completion of eight years of primary schooling in which the student had competent teachers, sufficient teaching-learning materials, and a school environment conducive to learning. Further, if human capacity is to be maintained, then care, treatment and support need to be provided for persons living with HIV and AIDS, and for orphans and vulnerable children affected by AIDS, so that dependency ratios do not skyrocket.

In the hypothesis (and the overall USAID strategy), “social resilience” is capacity of the government to respond and cope and the capacity of individuals and their communities to withstand shock without exhausting coping mechanisms, without sliding into destitution. In short, it is the ability to bounce back. Both human capacity and social resilience are inter-related and necessary to achievement of USAID’s goal.

The assumption is that positive progress in each of the three sectors – health, education, HIV/AIDS – is necessary but not sufficient to increase human capacity and social resilience to the extent needed to sustain future shocks. SO 14 thus includes intermediate results in all three sectors and will foster program synergies where such make sense.

USAID/Ethiopia examined the experience of recent “integrated” SOs in the Africa Region that combine health and basic education and HIV/AIDS, notably Mali “Youth” and Uganda “Human Capacity.” (The more recent Nigeria “Social Services” does not include HIV/AIDS and only began implementation in the past six months, so there are no lessons learned as yet.) There was consensus among most respondents that the SO designs were conceptually sound and full of promise, but that they were operationally very difficult. In the case of Mali, at the end of the strategy, there had been some modest gains in health and community school (process) indicators, but virtually none in the adolescent employment and skills development arena. In Uganda, it is too early to tell. Both SOs, however, experienced considerable difficulty in communicating the strategy to host governments, identifying SOAG signatories and key counterparts, fitting SO annual plans with those of government counterparts, and in general getting vertical government agencies at the central and regional/district levels to work toward integration. Both SOs also found that USAID’s own administrative requirements constrained integration, notably the idiosyncratic requirements of the numerous health funding earmarks, and the requirements by each sector for sector-specific reporting of common indicators.

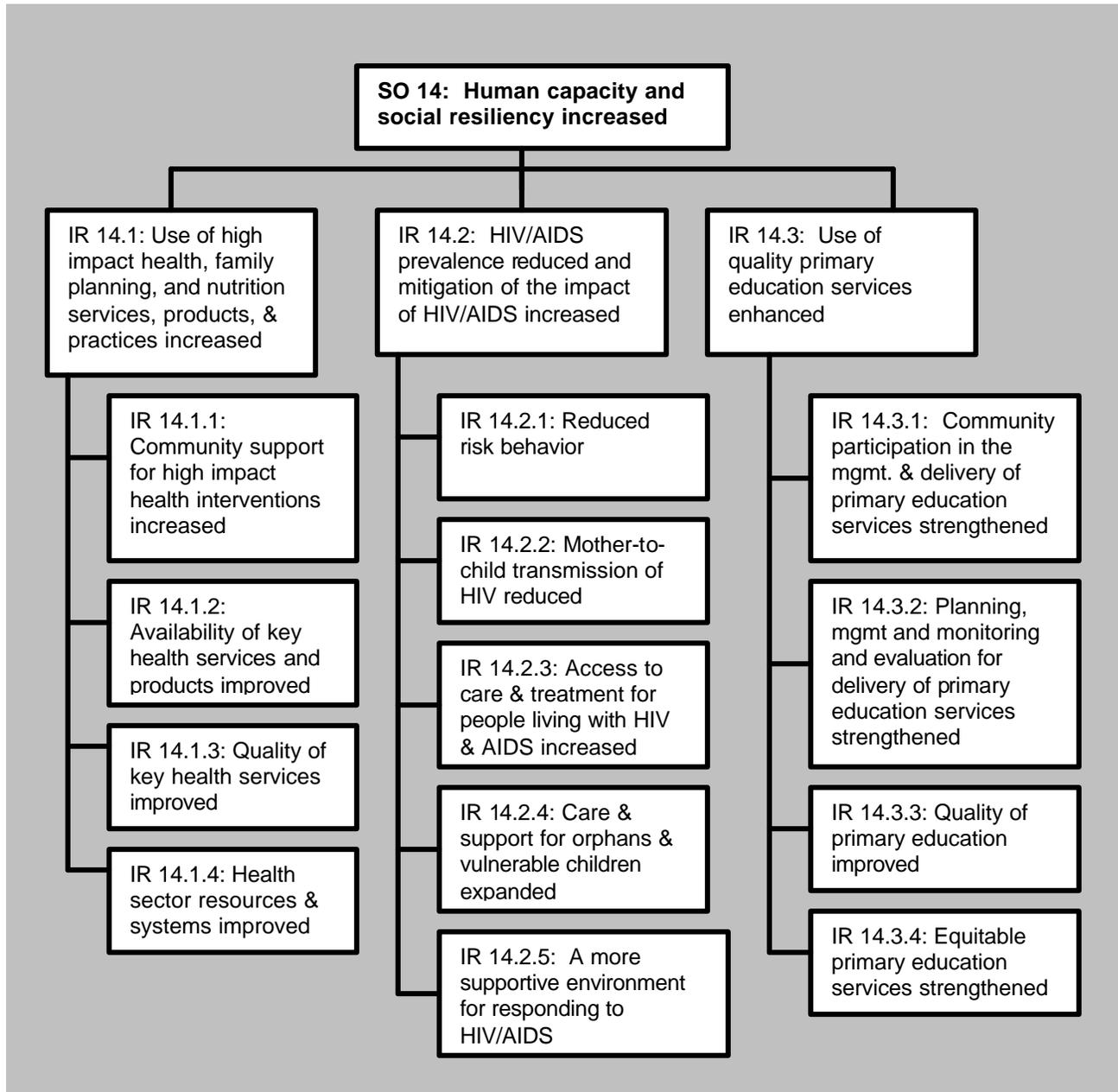
As explained below, the Mission thus determined that implementation in Ethiopia is difficult enough without burdening teams with the extraordinary efforts associated with full integration. SO 14 is thus considered as a

multi-sectoral SO in which activities will be better linked to obtain both intra- and inter-SO synergies to achieve the Mission goal. Based on lessons learned above, it is explicitly not integrated in the same vein as the Mali and Uganda SOs.

4.3 Results Framework and Discussion

SO 14: Human Capacity and Social Resiliency Increased

- IR 14.1 Use of High Impact Health, Family Planning, and Nutrition Services, Products and Practices Increased
- IR 14.2 HIV/AIDS Prevalence Reduced and Mitigation of the Impact of HIV/AIDS Increased
- IR 14.3 Use of Quality Primary Education Services Enhanced



In addition to the three IRs, two other objectives should be achieved: IR 14.4, Improved quality of secondary, technical, and vocational education, and IR 14.5, Enhanced quality of and access to higher education. The GFDRE is collaborating with other donors on a massive expansion of technical and vocational education and training and higher education. USAID has excluded the two results as they are outside of USAID's manageable interests and they are being covered by other partners.

The Human Capacity and Social Resiliency SO 14 builds on USAID/Ethiopia's decade-long experience in health and education and re-focuses its assistance to integrate emergency responses, humanitarian assistance and food security efforts within these development sector programs. Ethiopia's famine response efforts have historically been managed by a central agency – currently the DPPC -- while line ministries with significant operational capacity at the field level – e.g., the Ministries of Health and Education -- have maintained standard development programming. As described in Chapter 1, these parallel tracks of relief and development have not proven efficient or effective in building capacity to address future crises. On a policy and knowledge management level, the proposed SO 14 will help the line ministries develop and implement appropriate responses to crises. On an operational level, the primary focus will be on assuring that Ethiopian communities in USAID's focus regions acquire the necessary knowledge, skills, and resources to maintain assets and address/manage future crises as they occur. The key points of entry under the strategy will be households, communities, schools, health centers/clinics, youth centers, and associated local organizations – e.g. groups of persons living with AIDS, faith-based organizations, NGOs.

As part of the strategy development, the Mission reviewed Agency-wide and Africa Bureau experience with programs that have obtained synergies in health and education, and identified a number of “best practices” that can be adapted to Ethiopia. USAID/Madagascar's “child-to-child” health program under the Health SO, for example, used “champion schools” as an entry point to communities. Within only three years, the program not only significantly increased immunization rates but also improved school facilities in participating communities, including safe water sources and sex-segregated latrines and hand-washing facilities. USAID/Zambia's school health and nutrition program under its Education SO also used schools as an entry point, and provided de-worming and health education that improved children's health and cognitive acquisition. In its first year, USAID/Ethiopia's Community-Government Partnership Program under its Education SO discovered that a few communities went beyond the standard set of activities and requested assistance in combating HIV/AIDS, indicating an emerging need that merits more attention. USAID's Essential Services for Health in Ethiopia activity is finding that community health workers seek the help of teachers and school administrators in program outreach. Local organizations formed around schools, health posts, and youth and community centers in Ethiopia and in many other USAID countries have become key partners in both family planning/reproductive health campaigns and in more recent HIV/AIDS prevention and care, treatment, and support efforts.

A key “best practice” is that these community-level efforts are not effective in isolation of national and regional quality assurance and support systems. National line ministries and their regional and district offices must be engaged and supportive of community-based efforts, either directly or in partnership with communities and NGOs.

Over the past decade, USAID/Ethiopia's support to the health and education sectors has gradually shifted from predominant national- and regional-level assistance to a more balanced combination of assistance to community-based activities and more limited funding of national and regional systems. The Mission plans to continue to increase its focus on the community in the new strategy. Its fast-growing HIV/AIDS program under President's Emergency Plan for AIDS Relief (PEPFAR) will similarly balance assistance to national delivery systems for prevention and treatment with community-based initiatives in care, treatment and support of persons living with HIV and AIDS and AIDS-affected vulnerable children. USAID will greatly increase attention of the need to incorporate drought and other crisis mitigation, planning, and response into programming at both levels in the three domains.

It is noted that because it is not a truly integrated SO, SO 14 does not foresee radically restructuring implementation modes toward integrated instruments, as was done under Mali's “Youth,” Uganda's “Human Capacity,” and Nigeria's “Social Services” SOs. As described in Chapter 8, SO14 will be implemented by the Office of Health, AIDS, Population and Nutrition and the Office of Education under the leadership of a single team leader. The Mission's HIV/AIDS program will be managed within the Office of Health, AIDS, Population

and Nutrition. The Mission will maintain current and planned partnerships, but will ramp up sectoral and cross-sectoral, topic specific partners meetings where partnerships and joint programming make sense. Some contract/grant amendments may be necessary to assure that partners are working in the USAID “core” zones/woredas, when they are chosen, and to increase attention to crisis mitigation, planning, and response.

SO Level Results

Contraceptive Prevalence Rates in focus regions;
Stunting among children under 5 years of age (every 5 years);
Gross Enrollment Rate in Grades 1-8 (total, girls, boys);
Number of communities actively engaged in advocacy for health, education, and HIV/AIDS (e.g. meeting Champion Community and/or Community-Government Partnership Program-Level II eligibility criteria); and
Total number of clients served with ART (Anti-Retroviral Treatment)

By the end of the strategy, this SO will have established/refined norms and standards for community-led health/population/nutrition, HIV/AIDS, and education activities that demonstrate positive empirical change in key social indicators that measure human capacity. There will be a demonstrated improvement in the ability of communities, the health and education systems to prepare and mitigate the impact of emergency/crisis situations. At the federal and regional levels, line ministry services will be better prepared to respond to emergencies as they arise.

IR 14.1 - Use of high impact health, family planning, and nutrition services, products and practices increased

Percentage of children who have received DPT3 in focus regions;
Exclusive breastfeeding of infants to 6 months of age;
Vitamin A supplementation for women and children;
Percentage of households using insecticide-treated bednets; and
Per capita health expenditure.

USAID's proposed revised health program involves a two-pronged approach to a) strengthen routine health service systems to be capable of withstanding shocks due to natural or manmade disasters and b) design specific actions to improve emergency readiness and response. The development hypothesis is that improvements in routine health services and greater community participation in the health sector will help prevent and mitigate the impact of a crisis and improve response to disasters.

The program will focus on seven key technical areas and high impact interventions that are known to make a difference and achieve quick improvements in health: 1) **family planning/reproductive health** including the expansion of services, and improved logistics system, and the reduction of harmful traditional practices; 2) high impact **child health** interventions such as improvements in routine immunizations, the integrated management of childhood illnesses (IMCI), prevention and treatment of acute respiratory infections and malaria, improvements in the management of essential drug systems, and prevention of Female Genital Mutilation (FGM); 3) **nutrition** through the promotion of the “package” of Essential Nutrition Actions for a life cycle approach to decreasing the rates of malnutrition including optimal breastfeeding, optimal complementary feeding, care of the sick child, improving women's nutrition, controlling anemia, vitamin A and iodine deficiency; 4) prevention and **treatment of infectious diseases** that aim to expand the use of insecticide-treated bednets, improve infectious disease surveillance systems, and link tuberculosis prevention and treatment with HIV programs; 5) **health sector reform** and systems strengthening that includes fee retention, fee revision, waivers, exemptions, and Health Management Information Systems (HMIS); 6) **water and sanitation** that focuses on household, school and health post water supply, sanitation and hygiene; and 7) **emergency preparedness and response** activities such as integrated disease surveillance and response, and pre-positioning of essential drugs in drought prone areas.

The focus of the revised strategy is on people-level impact in terms of “use of services” and “behavior change” at two levels. At the national level, the program has the potential to reach the entire Ethiopian population through policy dialogue particularly in the areas of family planning, nutrition, and health care

financing. Other areas with the potential of a more national scope or multi-region focus include institutional capacity development, expansion of the social and commercial markets for health products and messages, and media activities. USAID will focus on key systems that will strengthen the base of the health care system in Ethiopia such as improving the essential drug and contraceptive logistic system, the vaccine cold chain, the integrated disease surveillance system, health care financing, the health management information system, and coordination of emergency health responses. Because Ethiopia lacks an effective health and nutrition surveillance system, adequate interventions and disease outbreak responses cannot be implemented, as evidenced by the delayed response to the recent malaria season.

More community-based health programs that include a network of outreach health workers are urgently needed. At the community level, fully integrated activities of the IRs will improve the supply of and demand for quality health services and products and will be closely linked with the GFDRE's new Health Extension Package (HEP) community health initiative and the community school programs. The USAID program will identify successful interventions at the community level that reinforce "positive health behaviors" and institutionalize them at the national level, including the "champion community" approach, "child-to-child" school health program and behavior change activities designed to empower women and families as proactive stakeholders and managers of their own health care needs. Water supply, sanitation and hygiene activities for communities, schools and health centers will be integrated into the community health package.

Sub IR 14.1.1: Community Support for High Impact Health Interventions Increased:

*Number of communities with emergency health preparedness plans in place;
Percentage of the target population that know about the transmission, prevention, and treatment of malaria, vaccine preventable diseases, STIs, and HIV/AIDS; and
Percentage of caretakers safely disposing of children's feces.*

Based on recent health surveys in Ethiopia, it is clear that "knowledge" of healthy behaviors alone is not enough to create behavior change. There is increasing evidence that communities that are mobilized for action have a greater chance of sustaining long-term positive changes across sectors whether in health, education, agriculture or emergency preparedness. Communities that have motivated change in personal and community norms and attitudes have been the most successful in improving key health indicators. Experience shows that community leaders and local NGOs who work closely with the public health system have challenged the system to improve services. The commercial sector, NGOs (women's associations, faith-based organizations, etc.), religious groups, schools, and farmers associations can reinforce messages, motivation, and access to health services and products. The health sector needs to work more closely with such "non-traditional" health groups to expand knowledge and promote positive attitudes for change.

Illustrative activities to achieve sub-IR 14.1.1 will include: promote the GFDRE Community Health Extension Package; expand the number of community-based reproductive health agents and integrate more closely with the public system; mobilize communities through the Champion Community approach to promote family planning, child health, nutrition, water and sanitation, and girls education and food security and safety net initiatives; promote the Essential Nutrition Action package of interventions (vitamin A, iodine, breastfeeding, appropriate complementary feeding, care of the sick child and women's nutrition); strengthen health and nutrition interventions to support people living with AIDS; promote the Child-to-Child School Health program with involvement of parent associations; promote community health councils to support routine as well as emergency health response needs; expand the number of protected community water supplies; and promote household level sanitation and hygiene behaviors.

Sub IR 14.1.2 Availability of Key Health Services and Products improved:

*Percentage of service delivery sites that report a stock out of selected health products during the previous 12 months;
Number of family planning service delivery points; and
Vaccine cold-chain fully functional in target areas.*

The demand for health services in Ethiopia is high. The 2000 DHS reports a 36% unmet need for family planning. Only about 50% of the population has access to formal health services. As demand increases,

services and products (such as contraceptives, condoms, vaccines, essential drugs, bednets, safe water, and nutrient dense foods) must be made more available. It is frequently systemic problems related to health systems management, rather than health worker or client knowledge, which hamper improved quality of care. One of the principal systemic constraints is the inability to make available timely and adequate stocks of contraceptives, essential drugs and other commodities at the health services delivery level.

Illustrative activities to achieve sub-IR 14.1.2 will include: strengthening institutional capacity to plan for and manage health commodity needs, including the formulation of a national plan for contraceptive security; developing logistics management tools for procurement and management of health products; supporting routine immunization services, with particular emphasis on the cold-chain and polio, measles and tetanus toxoid; increasing the sustainable availability of bednets through the engagement of the local commercial sector; supporting a national social and commercial marketing program for selected products such as bednets, condoms, and contraceptives; pre-positioning essential commodities in drought vulnerable areas; supporting the expansion of Special Pharmacies; and building health service delivery sites through cash for work, and support school feeding programs.

Sub IR 14.1.3 Quality of Key Health Services Improved:

*Family Planning service delivery according to protocol;
Emergency response Sphere guidelines implemented in the health sector*

The use of health services is highly dependent upon the quality of care provided. Quality is generally measured against accepted protocols or standards. While continuing education for health professionals exists, there is a need to systematically strengthen their pre-service training in technical areas that are quickly changing. The GFDRE is implementing the HEP to increase the number of health workers at the community level. These workers will provide preventive actions as well as selected curative services. A strong training and follow up supervision program needs to be developed for this national program to be successful in improving access to quality health services. The program will focus on the quality aspects of the high impact interventions: family planning, child health, nutrition, reproductive health, and emergency health response, and targeted supplementary feeding for high risk women, infants and children.

Illustrative activities to achieve sub-IR 14.1.3 would include: linking community health workers to social marketing of essential health products; technical support to develop and implement sub-sectoral policies, guidelines and protocols; improve regional and woreda health bureau capacity to provide supportive supervision; incorporate emergency health response training in public health curriculum; assure that nutrition is included in the care of HIV clients; and assure that appropriate referrals are made to link HIV positive clients with family planning programs.

Sub IR 14.1.4 Health Sector Resources and Systems Improved:

*Integrated Disease Surveillance and Response system functional;
Percent of the share of recurrent budget allocation from the national/local health budget; and
Number of vouchers redeemed for insecticide treated bed-nets through the commercial sector
(safety net).*

In order to achieve a sustainable health service delivery system of acceptable quality and ensure accessibility and equity, the efficient and rational allocation and utilization of resources is essential. The Health Sector has been under-financed over the past 20 years and available resources have been inefficiently used. The involvement of the private sector and the community in health service delivery and its financing has been insignificant.

Within the context of decentralization, the budget for health services is even more precarious. The revised health strategy will continue to strive to increase the budget for the health sector particularly at the woreda level and promote equitable access to primary health care services through the implementation of the national Health Care Financing Strategy, including guidelines for fee retention and waivers.

The government's Health Management Information Systems (HMIS), Integrated Disease Surveillance System and Response (IDSR), and Emergency Early Warning Systems (EWS) will be strengthened. Better management of the data from these systems will provide the basis for objective decision making for the allocation of resources, disease prevention and treatment interventions, and advance warning for emerging epidemics and health crises.

Illustrative activities to achieve sub-IR 14.1.4 will include: strengthening the national Integrated Disease Surveillance and Response System; strengthening the Health Management Information System; supporting the development of an Emergency Early Warning System that synthesizes data from various sectors to predict emerging crisis; building capacity in health care resource planning and budgeting; supporting the implementation of the national Health Care Financing Strategy; promoting contingency planning for essential drugs and other products for crisis situations (pre-positioning); establishing a voucher system for insecticide-treated bednets (ITNs) based on the commercial sector (safety net); supporting the Ministry of Health to build capacity for addressing acute vulnerabilities; and supporting the government's Emergency Nutrition Coordinating Unit (ENCU) to manage a nutrition surveillance system and to respond to nutrition emergencies, integrating these approaches with the Ministries of Agriculture and Rural Development.

IR 14.2 - HIV/AIDS Prevalence Reduced and Mitigation of the Impact of HIV/AIDS Increased

*Total number of new infections prevented;
Total number of clients reached with care and support; and
Number of orphans and vulnerable children (OVC) served.*

The Government of Ethiopia's 2002 Sustainable Development and Poverty Reduction Program (SDPRP) identifies HIV/AIDS as a major obstacle to improved human development in Ethiopia.

HIV and AIDS have a bi-directional impact upon human capacity and social resiliency. HIV/AIDS weakens human capacity in every sector; the age group predominantly affected by HIV/AIDS is the age group 15-49, traditionally the most economically active and productive members of society. Trained personnel in health, education, agriculture, private industry and government are lost, and with them their skills, experience and institutional knowledge. Families and communities lose their loved ones. The further depletion of already limited human capacity impacts upon the ability of communities and society as a whole to be able to respond effectively to HIV/AIDS.

The loss of family and community members, human capacity and income and the associated costs of care and treatment for people living with HIV and AIDS combine to push individuals and families closer to, or further into, poverty. HIV/AIDS reduces the resiliency of people infected and affected by HIV/AIDS to be able to respond to and rebound from the impact of HIV/AIDS.

The HIV/AIDS program will build human capacity not only through training and skills development but also through focusing on the prevention of new infections. Social resiliency will be improved through the a range of care, support and treatment programs that extend the quality and length of life of people living with HIV/AIDS and also ease the impact and burden of HIV/AIDS on the caregivers and communities.

USAID/Ethiopia, CDC-Ethiopia, the Department of Defense and the Department of State are working together to respond to the priorities of the President's Emergency Program for HIV/AIDS Relief (PEPFAR). Prior to PEPFAR, USAID/Ethiopia and CDC-Ethiopia formed a joint program for the expansion of the Preventing Mother to Child Transmission program in Ethiopia. This model has been highly successful and will be replicated for other common areas of HIV/AIDS programming. The strategy that follows reflects the common U.S. Government Ethiopia HIV/AIDS strategy towards the achievement of the Presidential Initiative (PEPFAR) goals.

Sub-IR 14.2.1: Reduced Risk Behavior: Reduced risk behavior is the key to avoiding new HIV infections and lowering HIV prevalence. USAID/Ethiopia will support HIV/AIDS programs that promote change towards safer sexual behavior such as delayed sexual debut, abstinence until marriage, monogamy and consistent and correct condom use. The unacceptability of non-consensual sex is an area of particular relevance for Ethiopia and a priority area for USAID/Ethiopia.

Programs will be implemented through a variety of community-level mechanisms that include religious and community leaders, peer educators, church youth clubs, faith-based organizations, formal and non-formal educational structures, Anti-AIDS clubs, sports clubs, traditional communication structures (coffee ceremonies, etc.) and the private sector. The Ministry of Education and the Ministry of Youth, Sports and Culture are expanding their involvement at the community level, offering particularly dynamic opportunities to reach wide constituencies.

Illustrative activities to achieve sub-IR 14.2.1 will include: strengthening and developing HIV/AIDS education programs through school, church and community anti-AIDS clubs, sports clubs and workplace intervention programs in targeted areas; developing and implementing life skills training, vocational skills training and workplace programs for targeted groups; building on USAID/Ethiopia's successful social marketing program to expand access to condoms; expanding the national provision of voluntary counseling and testing and follow up services such as post-test clubs; and coordinating and supporting risk reduction HIV/AIDS activities across USAID/Ethiopia programs.

Sub-IR 14.2.2: Mother-to-Child Transmission of HIV Reduced: As calculated for the PMTCT Presidential Initiative planning process, an estimated 107,000 HIV-infected women delivered in 2003. USAID/Ethiopia, in collaboration with CDC-Ethiopia and the MoH, will use existing ante-natal care services in hospitals, health centers and clinics to provide essential services to HIV-infected pregnant women. The health infrastructure in Ethiopia is extremely weak, by necessity therefore, PMTCT programs will focus first on strengthening each of the implementation sites in the focus regions in order to be able to provide these services. Creative solutions will be needed to develop the infrastructure and human resources required.

Working within the National PMTCT Implementation Framework for Ethiopia, USAID/Ethiopia and CDC-Ethiopia have mapped out three key areas of focus and collaboration for the USG response in Ethiopia: developing national capacity to deliver PMTCT services; supporting site-specific implementation; and building community-level partnerships to achieve comprehensive coverage. It is envisioned that every region will ultimately have comprehensive PMTCT services that link a central referral hospital to satellite health centers. Widespread community involvement and linkages to community care and support will be critical in the implementation of PMTCT services. Attention will also be given to improving ante-natal clinic coverage and utilization in the focal areas.

Illustrative activities to achieve sub-IR 14.2.2 will include: developing federal, regional and facility capacity to develop PMTCT and PMTCT Plus services through training, systems strengthening, improved guidelines and monitoring and evaluation; supporting site-specific implementation of PMTCT and PMTCT Plus services; and improving community level partnerships to achieve comprehensive coverage.

Sub-IR14.2.3: Access to Care and Treatment for People Living with HIV and AIDS Increased: The current capacity within the country to provide care and treatment is minimal, although the Government, civil society and the international community are working to improve the situation. USAID/Ethiopia will build on its comparative advantage and experience to develop comprehensive, integrated services to meet the needs of people living with HIV, their families and affected communities. There is excellent institutional knowledge of the health sector throughout the country and USAID will consolidate that understanding and experience into a comprehensive response.

The USG is highly committed to ensuring the availability of ARVs (anti-retrovirals) to those who are medically eligible. The PEPFAR target for Ethiopia is 210,000 people on ARVs. Associations of People Living with HIV/AIDS will be strengthened and involved in program design and implementation. Community-based care systems will be developed to provide support to people living with HIV/AIDS and their families.

Illustrative activities to achieve sub-IR 14.2.3 will include: developing federal, regional and facility capacities to deliver care and treatment services through training, provision of guidelines and materials, systems strengthening and infrastructure development; promoting and strengthening community skills and community-based response and support organizations, such as anti-AIDS clubs, post-test clubs, and associations of people living with HIV/AIDS in order to provide psychosocial support to people living with HIV and AIDS; mobilizing and collaborating with civil society such as faith-based organizations, professional

associations, community-based leaders, associations of people living with AIDS, "Idirs²⁷" and others to improve support to HIV infected and affected individuals; working with CDC-Ethiopia to support the national provision of ARVs and associated support services; improve treatment for Opportunistic Infections and Sexually Transmitted Infections; developing mechanisms to provide food and nutritional support that links to Title II resources to individuals, families and communities affected by HIV/AIDS; and coordinating and supporting care and treatment activities across USAID/Ethiopia programs.

Sub-IR14.2.4: Care and Support for Orphans and Vulnerable Children Expanded: In Ethiopia, at the end of 2001, an estimated total of 3.8 million children had lost their mother or father, of which an estimated 990,000 were due to AIDS. This latter figure is projected to continue rising to approximately 2 million by 2008. Few data are available on who these children are, where they are or who is looking after them.

The national response to orphans and vulnerable children has been limited. Competing demands for limited human, financial and institutional capacities at the government, donor, NGO and community levels have meant that addressing the needs of orphans and vulnerable children has not been a top priority. Reaching orphans and vulnerable children will require action by all segments of society. USAID/Ethiopia will work in partnership with the government, NGOs, faith-based and community-based organizations to unify and expand the response to children and adolescents affected by AIDS.

In Ethiopia, there is a particular concern that all children are vulnerable, not only orphans. There is a delicate balance between ensuring that the basic needs of orphans are met and ensuring that orphans and vulnerable children do not receive better care than other children. For instance, in Ethiopia it would be unacceptable to ensure education of orphans if other children in the community are not being educated.

Activities will be linked with other programs. It is especially important to integrate interventions for children and youth infected or affected by AIDS into programs providing care and support to adults living with HIV/AIDS.

Illustrative activities to achieve sub-IR 14.2.4 will include: improving the data on and advocacy for orphans and vulnerable children; supporting programs to extend the length and quality of life of parents living with HIV and AIDS; enhancing long-term food security for children and their families, through development of economic capacities; improve the capacity of communities to support orphans, vulnerable children and their families; and coordinating and supporting orphan and vulnerable children activities across USAID/Ethiopia programs.

Sub -IR14.2.5: A More Supportive Environment for Responding to HIV/AIDS: In order for Ethiopia to achieve the gains in treatment, prevention, and care and support, there needs to be substantial improvement in the enabling environment at the national, regional and community levels. These changes fall into four broad categories: i) policy change and stigma reduction; ii) strengthened national and regional systems; iii) an improved knowledge base for decision-making; and, iv) improved program coordination. In collaboration with its USG and other program partners, USAID aims to address improvements in all four of these categories.

Illustrative activities to achieve sub-IR 14.2.5 will include: expanding ongoing work in policy and advocacy both with government, the private sector, faith-based and community-based organizations; developing and supporting effective drug and key commodity procurement, management and distribution systems; maintaining and implementing an ongoing demographic, social science and program research agenda, which addresses critical gaps in knowledge and emerging issues; continuing to participate in HIV/AIDS donor forum to improve coordination among donors and between donors and government partners; strengthening the coordination of USAID/Ethiopia implementing partners programs to ensure consistent approaches and maximum coverage; and coordinating and supporting HIV/AIDS impact assessments and research activities across USAID/Ethiopia's sector programs.

²⁷ An *Idir* is a community-based benevolent association. In the past they were formed to support a grieving family but now they serve a much broader support function.

IR 14.3 - Use of Quality Primary Education Services Enhanced

Survival rate to Grade 5, total
Survival rate to Grade 5, girls
Survival rate to Grade 5, boys

The GFDRE identified primary education as a national priority and a major focus for the ESDP, with the goal of achieving universal primary education by 2015. The education sector strategy aims at increasing the financing of education by encouraging community participation, introducing cost sharing mechanisms (for second cycle secondary and tertiary educations) and involving the private sector in the provision of education. Furthermore, the strategy seeks to improve the collaboration and coordination of the education sector with other relevant sectors.

A more recent GFDRE education initiative has been to deepen and strengthen the decentralization process by shifting decision-making from the regions closer to the communities themselves to improve responsiveness and service delivery. The GFDRE and its donor partners, including USAID, assume that technical capacity building at the local level is a prerequisite to implementing the decentralization process, which in turn is expected to foster greater social and economic resilience at the local level.

Several international comparisons show that in most countries primary education yields higher social rates of return than any other level of education. The same pattern emerges with respect to private or household rates of return on investment in primary education. International norms are that four years of schooling (which is equivalent to basic primary education in the Ethiopian context), at a minimum, are needed for a person to remain literate for a lifetime, enabling him/her to take advantage of technical change and new economic information.

Basic education enables the individual and society to respect human rights and participate in one's own development. USAID's development hypothesis is, therefore, that increased use of quality primary education services can be achieved through strengthening community governance of its educational development, while at the same time improving the efficiency of the sub-sector's planning and management system, as well as helping the necessary quality inputs become available at the school level. The recent drought had a detrimental effect on school attendance, especially for girls who were the first to dropout. Strengthening resiliency to withstand shocks and human crises requires the capacity to organize, assess situations, plan and implement appropriate programs and activities. The Use of Quality Primary Education Services IR is aimed at increasing the necessary capacity both at the government system and community levels while at the same time availing emergency provisions to reduce vulnerability especially as it is related to education.

The Use of Quality Primary Education Services IR presupposes the availability of quality primary education service. It also implies the utilization of the services, and USAID aims at an equitable provision of the services. Therefore, for USAID, the attainment of this IR, Use of Quality Primary Education Services Enhanced, means increased access to, and improved quality and enhanced equity of primary education in Ethiopia.

Sub-IR 14.3.1: Community participation in the management and delivery of primary education services strengthened: Community participation ranges from the mere receiver of social services to the management of the services which includes assessment of the development environment, making decisions and implementation. Therefore, involving the community in the management and delivery of primary education is essential to attain the intermediate result in terms of access, equity and quality.

The attainment of the SO requires that the health and education activities are well coordinated both at the Mission and grassroots levels, and that they share implementation strategies and mechanisms for implementation, especially on community capacity building and provision of services, as well as system development and strengthening which are all critical for increasing social resiliency. USAID will work with PVO/NGOs to strengthen the capacity of parent teachers associations (PTAs). The PTAs in about 5,000 schools around the country will reduce dropout rates, increase enrollment (especially girls) and improve the school environment. Moreover, the PTAs will have the necessary capacity to cope with emergencies.

Illustrative activities to achieve sub-IR 14.3.1 will include: strengthening local level capacity; promoting gender equity; raising the awareness of the communities on HIV/AIDS, reproductive health and family planning, and environment; promoting community outreach in support of education; assisting schools' income generation activities and saving for emergencies; and introducing and supporting school feeding programs when necessary.

Sub-IR 14.3.2: Planning, management and monitoring and evaluation for delivery of primary education services strengthened: Currently, the responsibility of managing primary and secondary education has gone to woreda (district) level. Unfortunately, capacity is inadequate at all levels, and much worse at the woreda level. Support will be given to the Federal Ministry of Education, regional education bureaus and woreda education offices.

Illustrative activities to achieve sub-IR 14.3.2 will include: conducting capacity needs assessment and training; providing necessary manuals and equipment; improving monitoring and evaluation mechanism to track the effectiveness of the education system; improving educational planning and community mobilization mechanism to strengthen government partnership in the provision of primary education; and creating and strengthening capacity to cope with emergencies.

Sub-IR 14.3.3: Quality of primary education improved: Quality has been a major problem in the education system as a result of inadequate educational inputs and poor quality of the teaching-learning process. USAID will focus on improving the major educational inputs and changing the teaching learning process. The aim is to reach about 60,000 primary school teachers and 40% of primary schools throughout the country.

The illustrative activities to achieve sub-IR 14.3.3 will include: strengthening resource centers in teacher education institutions (TEIs); improving pre-service teacher training; developing support systems for women teacher trainees; improving teacher in-service training through the "cluster" model; enhancing active learning methodology in TEIs and primary schools; developing syllabi and materials in critical areas such as HIV/AIDS, nutrition, gender, family planning, and environment; establishing and strengthening school clubs such as anti HIV/AIDS, population, environment, etc.; providing health and nutrition and water services for children in schools (e.g. Vitamin A supplementation, iron folate supplements for adolescent girls, and periodic de-worming campaigns).

Sub-IR 14.3.4: Equitable primary education service strengthened: Low levels of funding and implementation capacity are major problems for expanding primary education in Ethiopia. In addition to this, a number of socio-economic and cultural factors inhibit the equitable access to primary education. The rigidity of the formal school's system scheduling tends to reduce interest in formal education amongst rural and pastoralist populations. Families and communities are forced to make sacrifices to educate their children, either by giving up their labor or by giving up their traditional nomadic or semi-nomadic lifestyles. Location (distance from urban and semi-urban places), religion, and culture are other factors that keep children away from schools. Therefore, taking schools closer to the children through alternative basic education centers (ABECs), introducing a curriculum that meets the interest of the learners, and using flexible approaches to teaching that respond to communities' economic and cultural realities can play a pivotal role in achieving universal primary education within the target time frame. These centers could also serve as development centers for the community, where functional adult literacy on population and family planning, the environment, HIV/AIDS, and agricultural extension information and other skills could be imparted. Adult literacy programs will also be integrated to other programs such as a micro-finance schemes to improve livelihoods of family, and thereby to reduce income insecurity.

Sub-IR 14.3.5: focuses on expanding non-formal basic primary education for children and adults and the illustrative activities to achieve it will include: establishing and strengthening alternative basic education centers; creating woreda education office capacity which can effectively manage both formal and non-formal education programs; promote adult functional literacy program; develop and distribute materials on HIV/AIDS, gender, environment, and family planning and nutrition that will be used by adults; and strengthening the use of educational media to reach the under served groups including women and the pastoralist communities. In addition, safety net programs can use resource transfers to provide incentives for resource poor families to keep their children in school.

CHAPTER FIVE SO 15: CAPACITY FOR GOOD GOVERNANCE INCREASED

5.1 Development Challenge and Responses

The dramatic nature of Ethiopia's cycles of famine is linked to the country's long history as an autocratic feudal state and socialist dictatorship. According to the Nobel Prize-winning economist Amartya Sen, "No famine has ever taken place in the history of the world in a functioning democracy." Democratic governments, he argues, have to win elections and face public criticism, and have strong incentive to undertake measures to avert famines and other catastrophes.²⁸ Ethiopia is not yet the kind of information-rich democracy that Dr. Sen describes, but the magnitude of the 2002/2003 famine has impressed upon the GFDRE the need to expand the capacity for good governance, creating an opening to accelerate democratic change.

In a twenty-five year period, Ethiopia transitioned from a feudal society to a totalitarian socialist regime, then to a nascent democracy. The ruling coalition, the EPRDF, has instituted some reforms and compared to the preceding regimes, the current political system is more open. However, the EPRDF exerts strong influence on the country's economic and political life. Ethiopia has an exemplary constitution, but its provisions are not always applied in practice, in particular with regard to the guarantees it offers women. In principle, there is considerable political inclusion and all ethnic groups are represented in the polity. The exclusion of women, however, from meaningful political participation is highly problematic. Women are largely disempowered and disenfranchised. They face limited access to productive economic inputs (capital, education, agricultural extension services); continued exposure to harmful traditional practices such as early marriage, abduction for marriage, and female genital cutting; and cultural acceptance of violence towards women. While there is relatively little corruption, the rule of law is weak.

While a number of challenges confront democratic development in Ethiopia, the two most significant are the lack of broad political competition, both in terms of electoral politics and competition in the realm of ideas, and weak governance. Amongst the electorate, acceptance of authoritarianism is still strong, and the populace is largely passive in its relationship to government officials at all levels. The fact that opposition parties are forming coalitions is a promising sign, but the parties remain very weak and limited in their reach. There are few civil society organizations that focus on political advocacy. Limited donor support for such organizations and a weak enabling environment has resulted in an Ethiopian civil society sector that largely focuses on social service delivery. The custom of holding elected officials accountable for social service delivery, economic opportunity, and basic human rights is weak.

While expanding the political space to enable greater competition is a pressing challenge, Ethiopia faces a more immediate challenge in ensuring that its population can survive the severe shocks caused by famines. Many of the problems that contribute to Ethiopia's continuing vulnerability to famine stem from weak governance, and the Mission believes that addressing these weaknesses must be the highest priority. Ethiopia is a federal state, with eight geographic regions broadly configured along ethnic lines. These regions have significant political and budgetary autonomy, receiving an intergovernmental fiscal transfer each year in the form of a bloc grant, which they are free to budget in accordance with regional priorities. In September 2002, the GFDRE instituted a "second round" decentralization to the *woreda* (district) level, with *woredas* also receiving bloc grants and given the mandate to deliver social services, such as health, education, agricultural extension services, and access to water. The coordination of humanitarian assistance at the *woreda*-level is also the responsibility of *woreda* governments. In essence, all major government services — excepting roads, telecommunications, and defense — provided to communities are funded from *woreda* budgets. Economic and social development in Ethiopia cannot occur without strengthened capacity at the *woreda* level.

The intent of the second-round decentralization was to bring democracy to the grassroots level, in particular, to increase government accountability and improve service delivery. Yet these laudable goals have been radically undermined by a severe lack of capacity — material, financial and human — and both the regional and local governments have been severely constrained in executing their responsibilities. The *woreda*-level

²⁸ Amartya Sen, *Development as Freedom*. Anchor Books: New York 1999, p. 16. While this contention may be widely disputed, the principle of good governance and accountability still apply.

decentralization expanded the number of administrative government units from 104 to 611, requiring thousands of additional government personnel. Many woreda officials were hastily recruited, poorly trained, and had no prior experience executing their responsibilities. Because of the lack of available personnel, it was not uncommon for one person to be responsible for three positions.

Most critically, poor woreda budget planning and execution meant in some cases that there were gaps and shortfalls in expenditures. During the 2002-2003 drought crisis, the weakness in woreda capacity had a negative impact on the most food insecure areas, as many woreda governments simply lacked the ability and funds to respond to the food crisis. Some woredas had difficulty performing basic emergency response tasks such as targeting for food distribution, transporting food, and coordinating information with the regional disaster preparedness and prevention bureaus. One of the longer-term implications of weak woreda budgeting capacity is limited funding for activities and investments that would enhance food security and improve communities' social and economic resiliency. While there are absolute budgetary constraints, most woredas lack the capacity to analyze trade-offs among potential expenditures and the capacity to plan on a multi-year basis.

Ethiopia's potential for establishing social and economic resiliency, as well as advancing longer-term social and economic development, is also hampered by the threat of conflict. Disputes over resources, particularly water and grazing rights, are common in several regions of Ethiopia, especially in pastoralist and multi-ethnic areas. While many disputes are peaceably resolved, external factors – such as population growth, drought, food crises, and newly created politically boundaries – often strain the capacities of traditional mediation mechanisms. Recent research suggests that Ethiopia has a number of factors that make it highly susceptible to conflict, namely economic isolation, previous history of conflict and low per capita income.²⁹ In addition, the government's resettlement initiative has the potential to create conflict, unless infrastructure to address the needs of both settling populations and recipient communities is quickly established.

The Ethiopian Government has recognized that famine vulnerability, hunger and poverty are a matter of national security, and that the country's political stability rests on the ability of the government, in cooperation with international donors, to address these issues. The severity of the 2002/2003 famine has created an opening to advance improved governance in order to improve the mitigation and management of shocks. The government also recognizes that regional and local governments' limitations in delivering basic health, education and other services to the population and in responding to emergencies such as drought, contributes to longer-term food insecurity. In response, it has embarked on a major program of national capacity building, which will be funded by the World Bank and other donors, specifically intended to promote capable administrative leadership countrywide. As part of this national capacity-building effort, the government has requested USAID to continue its work on supporting budgeting and accounting reforms, expanding it across all geographic regions. It has also instituted a new approach to food security (the New Coalition for Food Security in Ethiopia) that is focused on developing sustainable, long-term economic growth while providing safety nets for the chronically food insecure.

USAID/Ethiopia's past efforts to support the Ethiopian Government and civil society in responding to democracy challenges in the past have been hampered by the level of resources USAID/Ethiopia has received for democracy and governance (DG) activities. The previous DG strategic objective, which was designed to strengthen both government and civil society, suffered a 60% reduction in resources between 2001 and 2003. With the reduction in funding, support for civil society and rule of law was phased out. USAID prioritized continuing support to strengthen public financial management, because the success of USAID's sector investments was dependent on the appropriate flow of government and donor resources to those sectors. Additionally, no other donor was providing significant support to improve public financial management. USAID-supported budget and accounting reforms were concluded at the federal level in 2001, yielding a considerable democratic dividend in enabling the budget to be reviewed and debated by parliament in a meaningful way. In 2002, when the second-level decentralization to woredas was initiated, USAID/Ethiopia began providing support to improve public financial management in the Southern Nations, Nationalities and Peoples Region (SNNPR), Tigray and Amhara Regions.

²⁹ Bruce Falconer, "Murder by the State," *The Atlantic Monthly* November 2003, p. 56

5.2 Program Rationale and Development Hypothesis

The development hypothesis underlying this SO is that improved governance will play a pivotal role in addressing famine vulnerability, hunger and poverty in Ethiopia. In order to improve governance, the dynamics of the relationship between the government and its people must be transformed. Vibrant democratic governance cannot take root in Ethiopia until a democratic dialogue is opened.

Because basic service delivery cannot occur in the absence of appropriate budget resources, USAID will continue strengthening regional and woreda governments' ability to manage public finances. Funds must be transferred to the woredas in a timely fashion and must also accurately take into account factors such as population, level of poverty, and the level of capital investment required to sustain institutions that support resiliency, such as schools and health clinics. Further, economic growth in Ethiopia will only be possible if there is increased public investment in building the necessary foundations. Given a bloc grant, what tradeoffs should be made in a given woreda between, as an example, expansion of agricultural extension services versus hiring additional teachers? The answers will vary from woreda to woreda, but the capacity to conduct such analysis is critical to building social and economic resiliency. At all levels, improved capacity and service delivery on the part of the government must be accompanied by a greater sense of accountability to the electorate.

Yet the capacity of non-state actors to participate in democratic dialogue and hold government accountable must also be strengthened. The flow of information and ideas must be increased to engender greater political debate and public policy dialogue. As there is collective donor emphasis on strong government relationships with civil society, support to that sector is more likely to yield immediate gains in the quality of democratic dialogue. Civil society can play a pivotal role advancing democratic change by consolidating citizen interests, increasing the competition of ideas, and actively engaging government in policy formulation. A strengthened civil society can also better support government and community efforts in responding to crises and addressing the underlying causes of vulnerability. Governments and communities must also be able to safeguard developmental gains by appropriately responding to and resolving disputes before they spiral into violent conflicts that severely damage social resiliency. Finally, it is premised that without ensuring full and equal participation of both women and men in the political and economic development of Ethiopia, the overall gains to society will be reduced. While full gender equity will take many years, the first step is to ensure that women are able to begin participating more fully in the democratic dialogue, through expanded political participation and stronger protection of the rights guaranteed them by the Ethiopian constitution.

5.3 Results Framework and Discussion

SO 15: Capacity for Good Governance Increased

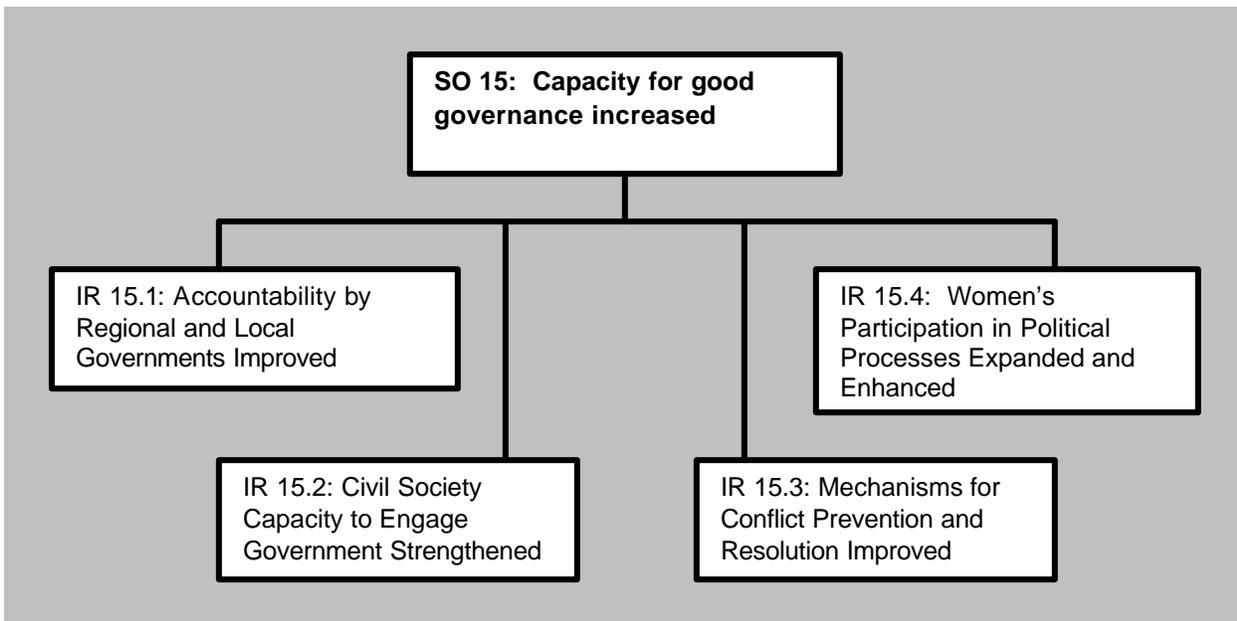
- IR 15.1. Accountability by Regional and Local Governments Improved;
- IR 15.2. Civil Society Capacity to Engage Government Strengthened;
- IR 15.3. Mechanisms for Conflict Prevention and Resolution Improved; and
- IR 15.4. Women's Participation in Political Processes Expanded and Enhanced.

These SO level and intermediate results are shown on the results framework on the next page.

SO 15 aims to enhance the capacity of government and non-government actors to strengthen resilience in communities and reduce famine vulnerability, hunger and poverty through improved governance. Dr. Sen asserts that democracy is important to meeting the needs of the poor because the political freedom that democracy affords – particularly the freedom to discuss debate, criticize and dissent – plays a constructive role in creating policy responses to their economic needs. More importantly, the comprehension of those economic needs may require the exercise of the political and civil rights so often associated with democracy, because it is only through discussion and exchange of ideas that those needs can be understood.³⁰

³⁰ Sen, p. 153.

The problems posed by famine vulnerability, hunger and poverty cannot be effectively addressed in Ethiopia, unless government accountability is strengthened at all levels. At the federal level, USAID will work in partnership with other donors to create channels for civil society organizations to engage the government in policy dialogue. At the regional level, strengthening regional governments' capacity to manage public finance, ensuring the timely and transparent flow of funds for service delivery, is an important contribution to enhancing accountability. However, genuine accountability requires governments to engage in dialogue with their constituencies and the electorate. In a political culture where authority remains largely unchallenged, Ethiopian government officials must redefine their roles to include responsiveness to citizen inquiries and demands. USAID proposes to provide training to enhance government officials' capacity to respond to greater citizen engagement. A sub-national focus for this activity is appropriate for a number of reasons. Because 85% of Ethiopia's population is rural, there will be very little impact if training and technical assistance to enhance government responsiveness does not reach the woreda level. The sub-national focus also reflects USAID/Ethiopia's strategic decision to target its limited resources.



In Ethiopia, the practice of including civil society in development policy dialogue is new and has been partly embraced by government. Civil society and government must be able to engage the government in constructive dialogue on the country's economic needs and developmental priorities. Steps were taken in this direction during the formulation of the Sustainable Development and Poverty Reduction Program (SDPRP). However, studies of the SDPRP process other countries suggest that civil society engagement in policy dialogue on the macro framework is impeded by a lack of capacity.³¹ USAID/Ethiopia will build the capacity of civil society to analyze public policy and dialogue with government on issues of public interest. The next general elections, scheduled for 2005 (and generally held in May or June of the election year) will be an important landmark for Ethiopia's democratic development. With increased public debate and citizen engagement, the electoral process could serve to anchor and accelerate democratic progress.

Since the 1970's, civil wars, regime changes, and recurrent drought have punctuated Ethiopia's history. These macro "stressors" have disrupted the political and economic development of the country, exacerbating violent conflict in different regions of the country. Violent conflict leaves increased vulnerability and reduced resilience in its wake. Recognizing the need to strengthen its conflict analysis, mitigation, and response capacities, the GFDRE has requested and received USAID assistance to support conflict mitigation and peace-building activities at federal and regional levels. USAID will continue to provide capacity-building to both government and non-government actors to prevent, manage, and mitigate conflict in order to preserve developmental gains that contribute to economic and social resiliency.

³¹ Press release of the Bretton Woods Project, September 17, 2001.

While women contribute disproportionately to agricultural and economic production in Ethiopia, gender inequities embedded societal, cultural, institutional norms ensure that they remain highly vulnerable to food insecurity and poverty. While USAID will address women's empowerment across all of its SOs, the expansion of women's political and economic rights in Ethiopia is a challenge that requires focused resources and activities. Through the DG SO, USAID will focus on advancing legal reforms to expand women's rights and increasing women's political participation in their communities and government. Without greater power in all arenas of social, political, and economic interaction, women's efforts to strengthen their economic and social resiliency will be highly constrained.

SO Level Results

*Public financial management enhanced to promote social and economic resiliency;
Civil society capacity to engage government and represent citizens strengthened;
Conflict prevention and resolution capacities enhanced; and
Women's participation in political processes expanded and enhanced.*

By the end of the strategy all of Ethiopia's eight geographic regions will have fully implemented the public sector financial management reforms that were first adopted at the federal level in 2000. These reforms, which include a modified cash basis double entry accounting system, improved budget allocation systems and Budget Disbursement Account, will improve these regional governments' accountability for the public resources they are using to deliver basic health, education, agricultural extension, water, and other services to their citizens. Improved delivery of these services will enhance social resiliency and help reduce vulnerability and food insecurity. Additionally, the process by which budget decisions are made will be made more transparent. Civil society will become a more active and effective development partner, serving as "institutional memory" and a source of social capital that will help to build resilience in communities through improved and expanded service delivery and the advocacy of policies that better address issues of vulnerability, poverty and hunger. At the same time, the regional and woreda governments will better understand and appreciate the constructive role that civil society can play in the development and implementation of policies. Governments and communities will also develop a stronger understanding of conflict prevention, mitigation, and management mechanisms that will promote peaceful resolution of conflicts and prevent eruptions of violence. Finally, women will play a more active and effective role in political processes, as citizens in their communities, activists in civil society, government officials, and as elected leaders.

Democracy and Governance Efforts in other Mission SOs

Governance is at the center of all the efforts USAID/Ethiopia intends to undertake in this strategy. While this DG strategy addresses core governance issues, significant DG work will be done under USAID/Ethiopia's other SOs. All of the SOs will provide sector-specific capacity-building support, work to empower women politically and economically, engage in policy dialogue with the government to address sector-specific governance weaknesses, and work with sectorally specialized civil society organizations to facilitate achievement of SO goals. SO 13, crisis management, will strengthen the government's ability to manage shocks and crises, through enhanced intra-and inter-sectoral responses, as well as improved contingency planning at all levels of government, including region and woreda. Under SO 14, the education and health portfolios will both be working at the local level to empower communities to engage in participatory decision-making and to strengthen partnerships among communities, civil society, religious leaders, and local (woreda) government. The Ministries of Education and Health, HAPCO, and regional sector bureaus will receive specialized training and technical assistance to address sector-specific capacity gaps. SO 16, economic growth and resiliency, will assist the government improve the regulatory framework for trade and strengthen economic and environmental governance. At the community level, it will enhance the ability of agricultural cooperatives and credit associations to engage in participatory decision-making. PSO 17, knowledge management will focus on enhancing the government's ability to manage information and ensuring its integration into government planning and decision-making processes.

IR 15.1 - Accountability by Regional and Local Governments Improved;

Number of public finance officials trained in new budgeting and accounting system;

*Percentage of public funds using new budget system;
Percentage of public funds using new accounting system; and
Number of new modalities established to enhance government responsiveness*

The term accountability in the context of this IR refers both to enhanced government capacity to deliver services through improved budgeting and accounting processes and, more broadly, to the concept that government must be more transparent and responsive to the electorate it serves. The budgetary framework in which the regional and woreda governments operate is vital to supporting efforts that reduce famine vulnerability, enhance economic and social resiliency, and reduce poverty through economic growth. USAID/Ethiopia efforts to date have focused on improving the efficiency of the transaction framework – accounting and budgeting – operating at the federal level and in the regions. This work is not yet complete and will be expanded from SNNPR and Tigray, where it has been fully implemented, into the other six geographic regions. Once the budget and accounting reforms are implemented in these regions, Ethiopia will be served by a more transparent, accountable and efficient public financial management system. USAID/Ethiopia will provide training and technical assistance in improved budget planning and analysis, expenditure management, fiscal reporting, and better control of expenditures through more comprehensive, timely accounting procedures. Collectively, these efforts create an informational platform that allows government (federal, regional, and woreda) to make informed decisions regarding investments to enhance social resiliency and create economic growth.

While completing public finance management reform (target completion date is July 2006), USAID/Ethiopia anticipates initiating activities to assist regional and local governments in enhancing their responsiveness and accountability to citizen concerns in good times and also in times of crisis. USAID/Ethiopia will provide training to government counterparts on the importance of civil society participation in policy development and in techniques for managing productive public consultations. With improved understanding, government can engage civil society organizations (CSOs) as resources that can help with the development and implementation of government policies and will build partnerships with CSOs where appropriate. In addition to training for government officials, mechanisms to institutionalize government responsiveness must also be established. These might include regional and woreda citizen information centers (including information on rights and accountability in emergency response), opening key deliberative processes to the public, and developing ways for ordinary citizens to give feedback on government performance to senior public officials. These efforts would also complement and reinforce USAID/Ethiopia's community-level efforts in all sectors by helping government officials respond more effectively to community-based advocacy. Enhanced government responsiveness will also result in significant dividends with regard to conflict mitigation. If the regional efforts to enhance government responsiveness are successful, there is potential for replication at different levels of government. USAID/Ethiopia will continue to encourage the federal government to create greater space for dialogue between government and civil society. As an example, civil society engagement in public expenditure reviews, SDPRP performance, and sector-specific performance reviews, will be part of the policy agenda. The DG SO will work closely with all other SOs to ensure that efforts to increase government responsiveness at all levels are integrated across the Mission portfolio, and successes in this arena will be captured under the IR indicator.

Work undertaken in this IR would complement the efforts of other donors to support decentralization, the enhanced delivery of public services and tax reform. These donors include the World Bank's Public Sector Capacity Building Project (PSCAP), the UK Department for International Development (DFID), the European Commission, United Nations Development Program (UNDP), German Technical Cooperation (GTZ) and Development Cooperation Ireland, among others.

IR 15.2 - Civil Society Capacity to Engage Government Strengthened

*Operating environment for civil society organizations improved;
Access to information on government processes expanded;
Civil society organizations' capacity to actively engage in policy formulation and advocacy strengthened; and,
Partnerships between civil society and governments in policy development and implementation increased.*

In a number of countries transitioning from autocratic rule, civil society has played a pivotal role in accelerating democratic change, consolidating citizen interests and mobilizing sometimes massive constituencies to effect political change. Yet in Ethiopia, civil society is not viewed as a legitimate actor in the political arena, a view that tends to be reinforced by the sector's weakness with regard to policy advocacy. While the GFDRE is undertaking a number of reforms to enhance food security and reduce vulnerability, there are few non-governmental actors that engage the government in dialogue.

Under this IR, USAID/Ethiopia will assist in improving the overall ability of CSOs at the national, regional, and local levels to engage with government and communities to advocate for policies that will help to build social and economic resilience and to improve the delivery of services. At the national level, USAID/Ethiopia will work with CSOs to help to improve the legal and regulatory framework that currently governs CSO operations in Ethiopia. Changes in the framework will be required if CSOs are to engage more effectively in policy advocacy, delivery of services, and fund-raising. Greater freedom of information will also help to improve CSOs' ability to be effective partners in policy-making and socioeconomic development. USAID/Ethiopia will work with other donors to help CSOs advocate for new laws on the press and freedom of information, as well as create and formalize channels for dialogue between government and civil society. Support will also be given to independent media to improve reporting on policy debates and critical analysis of different policy options. USAID/Ethiopia will strengthen CSO capacity to engage government at all levels by strengthening CSOs' effective use of policy research, advancing their ability to critique public policies, strengthening advocacy techniques, improving the dissemination of information in the Ethiopian context and organizing constituencies for policy reform. While the DG portfolio will support a broad range of civil society organizations, other SOs will also be providing important support to civil society. The IR indicators will capture USAID/Ethiopia's success in the civil society sector across all SOs.

In the period immediately leading up to elections in 2005, the initial focus of support for civil society will be on voter education (including what constitutes a free and fair election), and enhancing the quality and openness of public debate on key issues, such as food security, the reforms necessary for economic growth, and challenges faced by pastoralist communities. The objective of these activities will be to level the informational playing field and create space for the competition of ideas. Activities will also focus on the ability of CSOs and communities to advocate in times of shock for timely, adequate, and transparent government response to meet emergency needs.

IR 15.3 - Mechanisms for Conflict Prevention and Resolution Improved

Number of local leaders and government officials trained in conflict management;
The relative capacity improvements of local leaders and government officials to resolve conflict;
Number of potential conflict cases mitigated; and
Number of conflict causes and solutions identified and documented.

In conflict-stricken areas, famine vulnerability is often amplified and resiliency weakened. Violent conflict often results in the destruction of public goods — such as markets, schools, health clinics, government buildings — that contribute to economic and social resiliency. Additionally, insecurity means that people will avoid farming in certain areas, even if they are fertile, because they fear attack. Conversely, scarcity of resources that are vital to livelihoods — such as grazing land and water — can result in violent conflict as communities fight to ensure their survival.

Under this R, USAID/Ethiopia will help to build government, civil society, and community capacity to prevent and resolve conflicts in targeted geographic areas. USAID/Ethiopia will work with the Ministry of Federal Affairs and with regional governments to address early warning, detection, prevention and mitigation of conflict. This support may also include training and technical support to regional conflict intervention teams that could provide both crisis intervention and capacity building for local officials and traditional leaders. USAID/Ethiopia will work with Ethiopian civil society organizations to provide training and technical support in the peaceful management of local protest at the national and regional levels, building on traditional dispute resolution mechanisms. Small grants programs will also be used to bring conflict-stricken communities together through collaborative development efforts. Religious institutions will be important partners in this effort. As unemployed and out-of-school youth are often involved in and attracted to violence, USAID/Ethiopia will also work with CSOs and other community-based organizations to engage out-of-work

urban youth in conflict prevention and resolution and in peace-building. Training on mediation and civic education will be combined with training in vocational skills and in entrepreneurship.

IR 15.4 - Women's participation in political processes expanded and enhanced.

Percentage of women holding elected office at the federal, regional and woreda level increased;
Percentage of women holding formal leadership roles at the community level;
Women's participation in political processes increased; and
Protection of women's legal rights expanded.

Women contribute significantly to economic production in Ethiopia, yet they are disproportionately affected by economic and famine shocks. The poorest and most vulnerable households tend to be female-headed, yet gender roles and societal norms limit their access to productive inputs, such as land, capital, and agricultural extension services. Gender inequalities pervade all arenas of social and economic interaction — within households, in communities, and in the labor market. Traditional practices, such as early marriage, abduction, and female genital cutting endanger women's health and emotional well-being. While USAID/Ethiopia will incorporate gender considerations into its programming across all sectors to strengthen women's social and economic resiliency, the DG portfolio will focus on expanding the political and economic rights of women so that they will be better empowered to tackle the legal, institutional, and cultural constraints that currently prevent them from full participation in the political and economic life of their country.

Under this IR, USAID/Ethiopia will work with civil society, private media, religious institutions and other partners to improve women's participation in economic and political decision-making. By bringing women into the process and giving them the tools they need to effectively participate in political processes, they will be able to advocate for improvements in women's rights and the status of women in Ethiopia. USAID/Ethiopia programs and activities will provide training and technical support to and strengthen CSO networks that advocate for gender equality and women's rights — as an example, the Ethiopian Women Lawyers Association and the Network of Ethiopian Women's Associations, among others. Specifically, USAID/Ethiopia will strengthen their capacity to train and field female candidates for public office in a non-partisan manner, and to educate women to use their votes to improve their socioeconomic status. Civic education programs will highlight the importance of voting in general and encourage voting for qualified women candidates. Journalists' capacity to understand and critique different parties' handling of gender issues will be strengthened prior to the 2005 elections. USAID/Ethiopia will build partnerships with religious leaders, community elders and local administrations to improve reproductive health and family planning programs, prevent gender-based violence, and engage men and boys in campaigns to eliminate violence against women and girls. USAID/Ethiopia will also strengthen local organizations that provide health and legal services to the victims of violence and will continue to combat trafficking in persons, female genital cutting and other harmful traditional practices.

CHAPTER SIX: SO 16: MARKET-LED ECONOMIC GROWTH AND RESILIENCY INCREASED

6.1 Development Challenge and Opportunity

The strategic objective (SO) to increase market-led economic growth and resiliency focuses on accelerated agricultural-based economic growth as a critical pathway to prevent famine in Ethiopia. The SO represents a significant shift in USG assistance to Ethiopia, in terms of issues being addressed, levels of development resources being provided, and the integration of development and relief efforts. By improving economic circumstances, Ethiopians will be better able to manage through shocks and effectively tackle the root causes of poverty, food insecurity and famine vulnerability.

Over the past two decades, through the various famines that have occurred in Ethiopia, one of the most significant constants has been the poor performance of the rural economy. This has resulted in Ethiopia being one of the poorest sovereign states on earth. The toll that this economic failure takes on Ethiopia is devastating.

Ethiopia has the potential to be an economic success story in Africa. Currently it is one of the poorest countries in the world. Ethiopia is endowed with fertile land, abundant water, extensive and unique biodiversity, diverse agro-ecological zones, favorable climate, rich culture and heritage, entrepreneurial and hard working people, and proximity to major markets.

Nevertheless, Ethiopia's economy has performed unevenly during the past decade. Until recently, many Government policies were not conducive to private investment, private sector development, increased agricultural productivity, and/or expanded trade. Thus, systems and capacities for trade, technology transfer, and financial services, as well as key market partners never developed in large number. In addition, a number of economic, climatic, health, and political shocks contributed to the economy's uneven performance (i.e., severe droughts, collapse of coffee prices, restrictions on livestock exports to the Mid-East, war with Eritrea, HIV/AIDS and malaria). Also, Ethiopia's rapid population growth, severe environmental degradation in the highlands where the majority of the population live, inadequate health and educational services, and poor infrastructure also have contributed to the country's growing poverty, food insecurity, and famine vulnerability.

From 1990 to 2000, per capita incomes decreased by almost 40% to an average income of \$100 per person per year. An estimated 44% of the population of approximately 70 million people falls below the poverty and hunger line of a dollar a day. This means that a huge share of the population does not produce enough food or have the income to buy sufficient food to meet minimum daily caloric needs. It means that millions of people -- estimated at 13 million people in 2003 -- are at risk of starvation when drought or other shocks limit domestic food production. And, most important, it means that the opportunity to lead productive healthy lives has been stripped away for current and future generations of Ethiopians, especially in rural areas where credit, technologies, markets, and health and education services are not available or affordable.

Poor performance of the rural economy and agriculture in particular has resulted in structural deficits in food supplies -- Ethiopia could neither grow nor pay for the importation of needed food, especially during periods of drought. Over the past decade, Ethiopia has been one of the few countries in Africa that has a growing share of its food needs met through food aid. Commercial systems to meet food needs are non-existent or not functional in the current policy and market environment.

Over the past 20 years, with each successive drought or other shock, the number of chronically food insecure people has grown. An estimated 5 to 7 million Ethiopians (nearly three times more than in 1984) are now chronically food insecure, meaning that they require emergency assistance at some time during the year just to stay alive. Nearly all (87%) of the poor and destitute live in rural areas, kept there by lack of opportunity or incentive to move or improve their circumstances.

Donors and the development community have not been idle. Billions of dollars of assistance have been brought to bear, especially efforts to save lives but often not livelihoods. At present, Ethiopia receives the highest per capita humanitarian assistance in sub-Saharan Africa and the Least Developed Countries. Yet

the number of destitute and chronically food insecure continue to grow, and so do the budgets for emergency assistance to keep them alive. Fundamentally, pinning the ability to provide food on the availability of food aid supplies is not sustainable. Reversing these trends is at the heart of the change being sought through this strategy.

Unfortunately, relatively modest efforts have been focused on achieving sustained growth in the agricultural sector. Since 1997, support for agriculture has declined from 13% of Official Development Assistance (ODA) to approximately 6% of ODA in 2002. In 2003, USAID alone used almost 500 million dollars to support emergency efforts and provided less than 5 million dollars to support agriculture programs. While this may be extreme, it nonetheless is consistent with overall trends and patterns of development assistance in Ethiopia. Now is the time to change – to rebalance and refocus assistance on options and opportunities that build the capacity of rural households and the economy more broadly to weather through shocks that will invariably occur, and break the reliance on emergency relief efforts.

The challenge the USAID strategy faces, and this strategic objective in particular, is the compelling need to induce and facilitate sustained rural based, market- led growth, necessary to break the cycle of food crises that have prevailed. The scale and scope of this challenge makes it one of the most significant development issues in sub Saharan Africa today. Given the scale and scope of this challenge it can only be effectively tackled by working closely with and through a multilateral coalition that includes the Government of Ethiopia, development agencies and private (for profit and not for profit) partners, committed to working together to improve the performance of the rural economy. The imperative to succeed is significant. The cost of failure - - millions of lost lives and livelihoods, is growing, even now.

Ethiopia's economy is built on agriculture. Agriculture accounts for more than 50% of GDP, 80% of employment, and almost 90% of foreign exchange earnings. Clearly, the performances of Ethiopia's economy, and lives of the majority of Ethiopians, are closely tied to agriculture. And, contrary to conventional wisdom that it is agriculture that has kept Ethiopians poor, it is the agricultural sector that is the most powerful way of raising incomes for the vast majority of Ethiopians and improving the overall economic performance of the country. Major barriers to increasing the performance of agriculture in Ethiopia include:

- weak market systems,
- ineffective policy processes and incentives,
- lack of infrastructure,
- poor access to services and credit,
- severe degradation of natural resources,
- along with the lack of basic rights over land, labor and capital that limit rural household options to change.

Reversing the trends of the past several decades will not happen quickly. Capacity needs to be built, policies changed, investment attracted and used wisely. Creating the conditions for agricultural growth is critical. An increased role for markets and the private sector is central to the changes that need to be fostered.

A central concern of this strategy is the need to grow the capacity, role and level of engagement of the private sector in pursuing and supporting economic development in Ethiopia. The private, trade and business sector has for a little over fifteen years, 1975 through 1991, been very dormant because of the philosophy of command/centralized market economy pursued by the Derg (military) government. Prior to 1975, during the Imperial era, the roles of the private sector were related to petty trade and, in isolated instances, service industry in some urban areas. Hence, the private sector was not active participants in development activities.

The private sector and businesses have begun to become active in development efforts since the change of government in 1991-92. However, areas of engagement and involvement in development processes have not significantly shifted or improved. The interest of the private sector is often focused on businesses that make profit in a short period of time. There is often lack of vision in long-term investment and in development activities that are bound to involve outsiders, that is, non-family members and generate income/profit in the long-term.

There are indications of emerging young entrepreneurs who understand the sector and can be important forces in transforming the rural economy. Clearly the private sector needs to play a more active and lead role in the provision of agricultural inputs and services, commercial farming, agro-industry, trade, and service sectors to transform the rural economy and accelerate economic growth. Creating enabling conditions, building capacity, and supporting partnerships for various private sector entities (small and micro enterprise, agro-industry, commercial farmers, and traders) will be key to augmenting their contribution to famine prevention and food security. The creation of small and medium enterprises in agriculture and rural areas in particular will open new opportunities for the rural poor.

To broaden private sector participation, incentives need to be created for them to invest. Government participation in areas such as agricultural input markets, commercial farming and agro-processing needs to cease. Rather, the government needs to create a level playing field for private enterprises. Transparency, good governance and enforcement of contracts need to be cultivated in the private and public sector. And, access to foreign and domestic finance needs to be less controlled by the state and more responsive to market interests.

The need to focus on improving the performance of the rural economy is well understood by political and technical leaders in Ethiopia. In recent months, the Ethiopian Government has acknowledged that it needs to change direction in order to deliver food security and economic growth to its people. It has developed new partnerships with donors, the private sector and non-governmental organizations in order to embark on a path to move its people out of poverty at an accelerated pace. The government has also led the multi donor Poverty Reduction Strategy efforts, with a clearly stated intent to tackle key policy areas that have been barriers to rural economic development.

Given its existing resource endowments, Ethiopia does have the prospects to grow the rural economy. Recent analysis completed for the strategy indicates that by targeting assistance aimed at accelerating growth in selected high potential zones, focusing on commodities with real growth potential, using tried and tested innovations that stimulate private investment, the performance of agriculture can be accelerated, potentially reaching 6.3 per cent growth per annum.

The breadth and depth of destitution and poverty in Ethiopia is profound. If all efforts were focused on accelerated growth in high potential areas many of the poor, particularly those located in lower potential zones, would be left behind in the development process. The options to reverse the long-term trends of growing poverty are fewer in the lower potential areas. The need for relief and emergency assistance is typically greater in these areas. Critical to the success of USAID's growth program is the timely and appropriate provision of assistance to the food insecure to prevent a further decline in growth potential as a result of productive asset erosion. Agricultural investments and technologies specifically designed for these areas could still play an important role in poverty reduction, by stabilizing current production and reducing variability.

The realities of Ethiopia's economy dictate a dual approach to economic growth and economic resiliency to address the formidable challenges. To achieve change, the lives and livelihoods of the chronically food insecure must be protected and those with productive capacity must be provided with opportunities to diversify their livelihood/income base and participate in rural economic growth. Assisting and preparing the chronically food insecure to take advantage of labor opportunities, increased agriculture productivity, better natural resource management, and accelerated rural market development-- in regions where there is potential for such growth—are key elements in the development dynamic, or "rural transformation" to be achieved under SO 16.

At the community, household and individual level, a critical barrier to expansion of the rural economy and accelerating agricultural growth is the lack of incentive to innovate or pursue alternative opportunities to raise incomes and improve their economic circumstances. Constraints (lack of authority) on factors such as land and labor, severely limit the options available. And, poorly performing markets send confusing signals. Growing the rural economy will require that greater authority over land and labor is vested with individuals and households. This may motivate and enable some households to take advantage of off farm employment opportunities (micro enterprise, workers on commercial farms and factories) including in small market towns,

allow for land consolidation leading to more viable economic units, and support more productive investments and improved natural resource management.

Beyond a humanitarian imperative to meet the needs of those poor who are unable to feed themselves, the recurring and increasing needs of the destitute absorb scarce resources and are an important obstacle to economic growth in Ethiopia.³² A key challenge, therefore, is to reverse the trend of growing numbers of Ethiopians facing the absolute, life-threatening vulnerability which accompanies destitution. USAID's response to this challenge represents a dramatic shift in the way humanitarian and development assistance is programmed. In the past, neither emergency response nor limited traditional economic growth strategies has reduced the number of Ethiopian's vulnerability to persistent poverty and cyclic famine. Bringing the various resources together provides new scope and tools to address Ethiopia's challenges.

In sum, business as usual in Ethiopia will not succeed in breaking the cycle of food crises and famine that Ethiopia has been affected by over the past several decades. A renewed focus on economic growth that draws in the private sector is critical to break the cycle of food crises.

6.2 Program Rationale and Development Hypothesis

6.2.1 The Rationale for this Strategic Objective

Meeting the challenges posed by Ethiopia's food insecurity means adopting a new approach to food and development aid. The development hypothesis for SO16 focuses on new ways of increasing economic growth and resiliency by reducing vulnerability, increasing capacity to manage through shocks, and creating the economic resources to be self reliant through:

- Rapid economic growth in rural areas to increase food production and incomes;
- Market development that allows farmers and pastoralists to sell their products, that gets affordable food from surplus to deficit areas, and that allows commercial markets (domestic, regional, international) to play a fuller role in meeting food needs;
- Relief and development efforts that first protect the productive assets of the food insecure by meeting their nutrition needs before they are forced to sell productive assets to survive; and second build the assets (social and economic) of these people so that they are self reliant and are not dependent on safety net assistance over the long run;
- Diversification of economic opportunities, on and off farm, for Ethiopians to grow their asset base.

Above all, meeting Ethiopia's food security challenges means shifting from an approach that responds to food crises with relief efforts to one that anticipates needs and prevents crises from occurring. This can be done by changing the development environment—through policy changes and new technologies—to encourage sound utilization of natural resources, increased agricultural productivity and better marketing, leading to higher food production, better distribution of food resources, better anticipation of and response to food insecurity, and better economic security. It can also be achieved by supporting the livelihoods of Ethiopian farmers to enable them to weather shocks, or find alternative livelihoods off farm, reducing the pressure on the land and natural resources and diversifying rural income sources.

The principal beneficiaries of the development efforts supported through this strategic objective include three categories of rural poor:

- The persistently poor, people who are chronically food insecure;
- The transitionally poor, people who are transitionally food insecure; and
- The stable poor, people who are generally food secure.

While nearly all Ethiopians are poor as defined by income and productive assets, their access to food is most relevant to how USAID defines food insecurity and will be the basis upon which USAID will respond to the challenge of preventing famine.

³² It is estimated that undernourished workforces cost African countries 12-13% in loss of productivity.

There are an estimated five to seven million Ethiopians that are “persistently poor” and suffer from chronic food insecurity. These are the most destitute people who have lost all or much of their productive assets and have few ways to cope. They require some emergency food or other assistance (asset transfer) during some part of the year just to stay alive. The number of people in this category is growing.

There are an estimated 26 million Ethiopians who are the “transitional poor”, and at the same time “transitionally food insecure”. These mainly rural poor require assistance when shocks occur, barely sustain themselves and their families, suffer from high rates of malnutrition and can easily slide into chronic food insecurity if they do not receive timely and appropriate assistance when shocks occur.

The third category of the rural poor in Ethiopia includes an estimated 27 million “stable poor”. These are individuals and households that are generally food secure, that are poor but have sufficient assets to withstand shocks and have greater potential to grow.

The challenge for the Ethiopian Government and donors therefore is how to develop a sustainable economic growth strategy which puts in place the capacity, systems, programs and investments needed to accelerate agricultural growth, build markets, raise productivity and manage resources that create resiliency to manage through shocks. That growth strategy needs to focus on small-holders, commercial farmers, agribusinesses and small enterprises located in high potential areas who can succeed by improving their productivity or engaging in new value-added enterprises. At the same time, a new approach to engaging with the chronically vulnerable is required that will not just provide safety nets but will assist them with innovative asset protection and productive expansion opportunities so that the number of chronically food insecure are reduced over time, thus increasing the self-reliant population that is not dependent upon foreign assistance for survival each year.

USAID/Ethiopia's agricultural cooperative program has demonstrated that a pro-poor growth approach working with smallholder farmers and pastoralists can work. Strengthened cooperatives have enabled smallholder farmers and pastoralists to gain access to production inputs, forge business partnerships with others in the supply chain, and benefit from increased prices for their products. Other Mission food security and livelihoods development programs have shown the importance of integrated approaches that protect assets, diversify sources of household income, improve crop and livestock productivity, ensure sound use of natural resources, reduce post-harvest losses, and link producers more effectively to markets. The women's empowerment program demonstrated the critical importance of interventions that enable greater decision-making and access to opportunities by women.

Ethiopia needs to follow a market-led path, and develop the foundations for economic growth in order to reduce famine vulnerability, hunger and poverty. This requires a deliberate focus on developing in an environmentally sustainable manner high potential agricultural areas, improving markets (inputs, factor and product), strengthening all aspects of the value chain in order to meet domestic, regional and international standards for products and goods, and enhancing both agricultural and non-agricultural small enterprises in order to provide new job opportunities. At the same time, recognizing that a certain percentage of the population will continue to be chronically food insecure, a targeted strategy is required to meet their basic needs while helping them protect and build assets and have access to a range of livelihood options that will reduce the total numbers requiring continued assistance.

The SO enhances food security through: developing Ethiopia's food systems (i.e., cereals, oilseeds, pulses, meat) to meet caloric and protein needs; increasing Ethiopia's foreign exchange earnings (i.e., coffee, livestock, livestock products, oilseeds, horticulture, leather products) that enables Ethiopia to participate in and use commercial global markets to meet food and input needs; and expansion of off-farm livelihood opportunities to diversify and increase household income.

Economic resiliency will be achieved through a) economic and market diversification, b) livelihoods diversification at the household level, c) improved land, water and natural resource management and land tenure security, d) rural water resource development for irrigation, livestock, and household/community needs, e) productive safety nets to protect and build the assets and livelihoods of the most vulnerable populations, f) adoption of more drought-prone agricultural systems including drought tolerant food crops,

agro-forestry and tree crops, and g) improved knowledge management systems that reduce famine vulnerability and enable timely well targeted interventions in response to shocks.

Particular emphasis will be placed on empowering women. This will include ensuring that they have access to land and land tenure security, access to credit and business development services, and access to technology and market information. Efforts will be made to enhance the role of women in decision making, particularly in rural cooperatives, women's extension groups or women's cooperatives or associations may actually be targeted for assistance.

6.2.2 A Dual Approach

USAID will attack food insecurity and prevent famine through a dual approach. USAID/Ethiopia will provide targeted resources to move one million chronically food insecure off emergency food assistance over three years to join those households trying to stabilize and increase their income and asset base and help the transitory poor increase assets. But USAID must also help to put in place the systems and investments needed to accelerate agricultural growth, build markets and raise agricultural productivity. The dual approach is based on the premise that both the transitory poor and stable poor can benefit in the near term from expanded production, increased productivity, market access and more diverse options to raise incomes. Growth will enable the transitory and stable poor to stabilize and increase their assets and income.

To address the needs of the chronically food insecure, USAID will support and work through a multi-donor productive safety net program. As part of the broader safety net program, USAID will target one million of the chronically food insecure in 20 woredas, or districts, with high levels of chronically food insecure people. USAID resources, including Title II assistance and famine funds, will support programs such as food for work or cash for work designed to protect the meager assets that they might have, and more importantly, to provide resource transfers to allow them to build assets to move beyond the chronically food insecure category. In addition, through SO 14, USAID will strengthen primary health care and primary education programs in the same targeted areas where productive safety net programs will be focused for the chronically food insecure. With better health and education at the local level, they will have more options to cope with destitution and to build other productive assets. Title II assistance complemented by DA and famine fund resources will be used to meet food needs in exchange for public works, or participation in health or education activities designed to build assets. In addition, Famine Fund resources will be used to provide food insecure households themselves with the means to invest in productive assets. These assets will enable the chronically food insecure to diversify and expand the way they make a living, enabling more access to food, even during times of hardship

For the rural economy to grow, and address the needs of the transitory and stable poor, credit must be more widely available, competitive markets need to provide inputs and to link the producers with the markets at all levels, new technology must be introduced and replicated, infrastructure such as telecommunications and roads must be expanded, market towns close to farmers need to be expanded, quality standards must be met, and value needs to be added to the many agricultural products produced in Ethiopia. Encouraging and facilitating these types of changes on a scale that will lead to national level impacts and create wider economic dynamics will require a) changes in policy that create the incentives for rural enterprises, households and communities to invest, and b) focused, well coordinated development efforts, supported at the federal, regional and woreda level by multiple development partners. USAID will work with the private sector (commercial and not for profit), other donors, and government through the New Coalition for Food Security and SDPRP to jointly develop and implement programs to affect the changes needed.

USAID resources are limited. In making choices about the allocation of resources to support this strategic objective USAID will set priorities and focus efforts, especially those efforts aimed at creating the conditions for broader agricultural growth to occur, in line with the following criteria and principles. Specifically, programs will be focused on:

- A selected number of regions, including high potential regions (growth poles) and lower potential food insecure regions, and work to build growth linkages among them.
- A selected number of food and agricultural commodity value chains. Indicative criteria to be used in setting priorities include: a) offer the greatest potential to reduce poverty and create food security for

the largest number of people possible, b) have a demonstrated market demand and prospects for expanding markets, c) have the potential for significant technical advances to increase incomes and productivity, and d) have the potential to raise foreign exchange and encourage regional and international trade.

- Investments will be focused on the highest payoff and most efficient policy, institutional, market, and technology interventions (options) to increase incomes and productivity of rural small-holder farmers, pastoralists, agribusinesses and rural enterprises.

Further, programs will be designed to

- Leverage partnerships and alliances with the private sector and government;
- Promote cross sector linkages with education, health and governance efforts to create synergy, e.g., working together in common geographic areas, focused on the same beneficiaries; and
- Facilitate the integration of relief and development resources to promote growth and enable the persistently poor to transition out of poverty.

6.2.3 Targeting Interventions

An important part of the strategy is focusing efforts on selected regions, both high and low potential regions. By focusing on selected high potential regions, which can serve as growth poles, the strategy will contribute to accelerating the growth of new options (on and off farm jobs) for the rural poor. By focusing on selected low potential regions that are especially vulnerable to drought and other shocks, the strategy will contribute to building social and economic assets of the most vulnerable, to transition out of poverty. Equally important, building linkages of mutual interest between the various regions will be important to sustainably tackle the problem of food insecurity. A process to support targeting, outlined in Chapter Two of the strategy, will be implemented over the coming months. Regions selected to focus on will: a) in the case of higher potential regions and woreda, have the agricultural potential to significantly expand agricultural growth and thereby create new opportunities both on an off farm, b) in the case of lower potential areas, be regions that have the highest shares of chronically food insecure and limited carrying capacity to absorb more population, c) for all selected regions, they should have committed regional and woreda leaders willing and interested in partnering with USAID and other donors to pursue reforms and make investments needed to accelerate agricultural growth, and promote social resiliency, d) offer the opportunity for effective partnerships to be created with government, donors and the private sector (commercial and noncommercial) to address rural economic development. USAID will target twenty woredas in lower potential chronically food insecure areas to focus efforts on a selected number of zones in high potential, growth pole, regions.

Initially, USAID will focus on four selected food systems, including food grains (cereals, oilseeds, and pulses), horticulture, livestock/livestock products, and coffee. Analysis completed for this strategy indicates that a combination of investments in cereals, horticulture, export commodities (e.g., coffee and livestock), and agricultural marketing would be the most effective options in bringing about high agricultural growth and reducing national poverty rates. More specifically, modeling of Ethiopian systems and options indicates that raising agricultural productivity of cereals (2.6% per annum) and horticulture (7.0% per annum) and reducing marketing costs by stimulating growth (1% per annum) in marketing services can reduce the share of population in poverty and food insecure, currently estimated at 45.5% of the population in 2003, to 24.9 % of the population by 2015, allowing Ethiopia to reverse the trends of the past several decades and meet MDG goals. Analysis also indicates the key role that expanding exports, such as livestock and coffee, that Ethiopia has a comparative advantage to produce, can have on equitably reducing poverty.

While it is not anticipated that SO 16 will support growth or production of products (agricultural or non-agricultural) that would compete with the same or similar U.S. products, activities will be carefully monitored, and any necessary analyses completed, consistent with FY 2004 FOAA sec. 133(a) and (b), and PD 15 and 71, "activities to attract foreign investment."

SO 16's program focuses on four main areas:

Policy: First and foremost are policy changes critical to changing the development environment in Ethiopia. Farmers need secure land tenure and more control over their land as the foundation for increasing

agricultural productivity, or to seek out alternative sources of income. Increasing the private sector's activity and presence in processing, marketing and input supply is also necessary to improve productivity and provide market-based incentives for increasing farm output and to balance distribution between food surplus and food deficit areas. Finally, market-led development and competition need to be encouraged by GFDRE legal changes and infrastructure development to allow Ethiopian farmers, suppliers and processors access to regional, national and international markets. Increased exports, of coffee for example, will allow for greater imports of food and other materials (such as fertilizers and seeds of select crops) to help Ethiopia better meet its own food security needs and reduce reliance on international food aid and emergency relief efforts. In recent months, the Ethiopian Government has acknowledged that it needs to change direction in order to deliver food security and economic growth to its people. It has developed new partnerships with donors, the private sector and non-governmental organizations in order to embark on a path to move its people out of poverty at an accelerated pace.

Markets: Creating more open and competitive markets leads to better distribution of resources and food across the country, encourages agricultural productivity by providing outlets for produce and helps diversify rural economies and livelihoods. This will lead to better food security for targeted populations of the five million chronically food insecure and better economic security and resilience for targeted populations of the 26 million 'transitional poor' and 27 million "stable poor". Small changes in markets can have large effects. Investments in marketing to reduce marketing costs between two and five percent annually could generate US\$2 billion dollars of increased agricultural GDP and US\$1.9 billion of increased total consumption over the next decade. Investing in the development and marketing of export crops—vegetables, fruits, cotton, sugar and sesame for example—can also significantly raise productivity and reduce rural poverty. These investments can bring about high agricultural growth (up to 4.7% annually) and reduce national poverty rates to 23.2% in the next ten years.

Agricultural Productivity: Ensuring sound use of natural resources (i.e., crop land, pasture land, water, forests, and biodiversity) and restoring the productivity of degraded natural resources is crucial for improving food security and economic growth. New technologies and new approaches to natural resource management (NRM) are particularly important for the transitional poor, helping them preserve and build their productive assets. Irrigation projects coupled with drought resistant varieties, for example, can use technology to help raise productivity and preserve soil fertility, building an economic floor under farmers to prevent them from becoming chronically food insecure. It can also increase the total amount of food available in Ethiopia, and with better marketing structures, allow farmers these farmers to sustainably increase their incomes and add to their assets. At the same time, raising productivity of priority commodity systems, is a driving force in the agricultural growth process and requires focused attention in Ethiopia.

Livelihoods: Protecting and building assets of the food insecure enables them to strengthen their livelihoods during good times and bad. In addition, secure land tenure will allow more livelihood choices for Ethiopian farmers and producers. For example, farmers who can lease surplus land or who can use their land use rights for loan collateral can, with marketization and the creation of better market networks, move into different economic sectors as commodity processors or input suppliers. This will reduce the subsistence pressure on the land and diversify local income sources and opportunities for all of Ethiopia's rural poor. Reducing pressure on the land will also benefit the farmers who remain by providing new markets for food, stabilizing incomes and providing new sources of inputs and factors for production, to help them preserve and augment their assets. Finally, higher, more stable incomes can help farmers preserve natural resources by reducing the pressure to mine the soil or overuse and degrade limited resources.

In sum, the working hypothesis that makes this program atypical of traditional economic growth efforts is as follows:

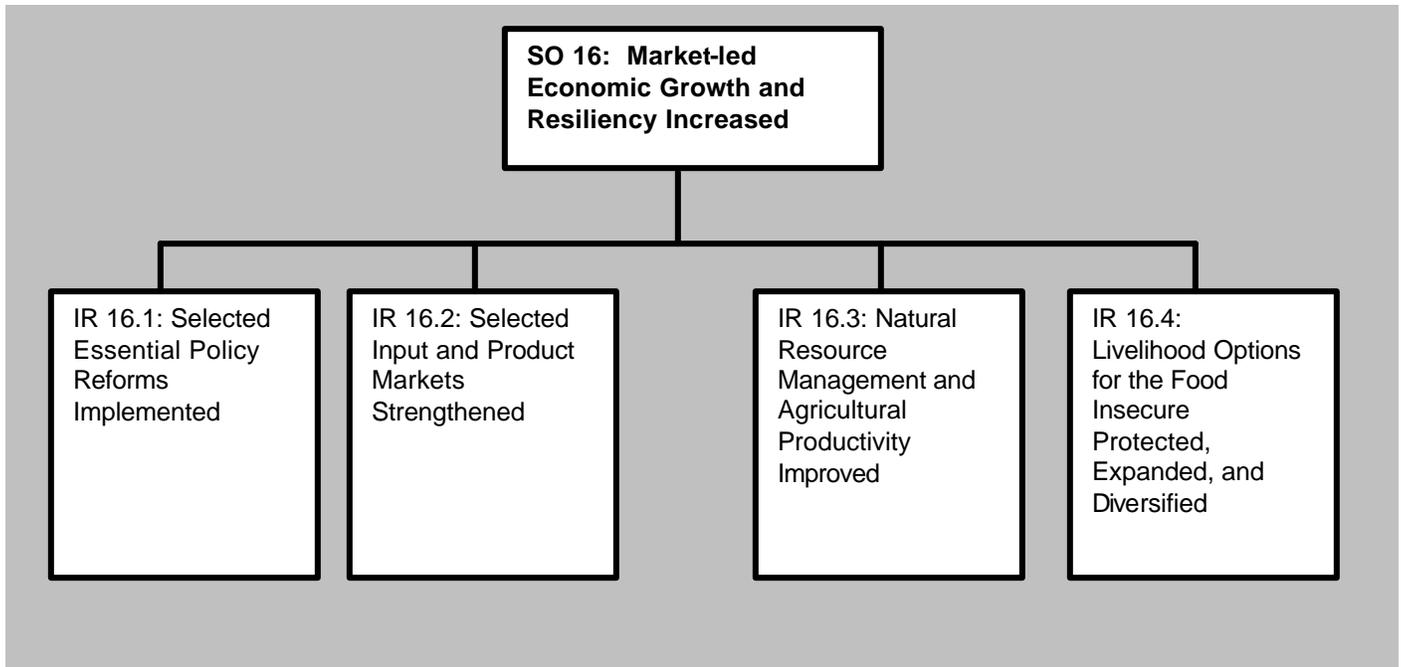
If USAID contributes to protecting, expanding , and diversifying livelihood options; contributes to increased production and sustained increases in productivity, and strengthens selected product, input, and factor markets,

then market-led economic growth and resiliency will be increased. If this is achieved, it will directly contribute toward the foundation for reducing famine vulnerability, hunger, and poverty.

It is further premised that without ensuring full and equal participation of both women and men in this strategy the overall gains to society will be reduced. Furthermore, the strategy requires building the capacity and systems required to pursue a sustainable development agenda in agriculture and the rural sector. This includes knowledge management systems to enhance policy and investment decisions, technology transfer systems to accelerate the adoption of more productive and resilient technologies/practices, input and output market systems that enable agricultural producers to become more profitable and competitive, and small and micro enterprise development to diversify sources of employment and household income..

6.3 Results Framework and Discussion

SO 16: Market-led Economic Growth and Resiliency Increased



SO level Results

*Increased exports of selected agricultural products;
 Increased production of selected agricultural commodities;
 Reduced numbers of food insecure in targeted areas; and
 Increased household income in targeted areas.*

By the end of the strategy, this SO will have helped reduce the numbers of people requiring food aid and helped to raise incomes through new diversified income earning strategies. Private sector investment and sustainable agricultural productivity will increase, coupled with a rise in the marketing of selected agricultural commodities. Women will have a greater role in the formal economic sector and more control over their own economic assets. Federal and regional policies to increase productivity and trade will be reformed and implemented. Overall the people affected by the program will be more resilient, better able to both weather and overcome shocks.

Targeting of scarce agricultural and related rural investments is critical to improve the efficiency of the development effort and process. In making choices about how to focus our investments, we will be mindful of the following criteria.

- The need for market demand for goods and services produced;
- Extent of a commodities share of agricultural GDP; and

- Potential to raise productivity and profitability to create on- and off-farm employment and add value to the rural economy.

While it is not anticipated that any activities under SO 16 will result in the relocation of any U.S. jobs or the violation of internationally recognized workers' rights, any "gray area" activities will be carefully analyzed and appropriate implementation controls utilized, in accordance with USAID Automated Directives System 225.

IR 16.1 - Selected Essential Policy Reforms Implemented

*Number of policy reforms implemented at regional or federal level;
Ethiopia joins the Free Trade Area of COMESA, the Common Market for East and Southern Africa;
and COMESA's Customs Union;
Number of farmers with improved land tenure security; and
Rural Economy Knowledge Support System (REKSS) in place.*

The most powerful tools available to tackle Ethiopian hunger and poverty in the medium and long term are policies to encourage private sector investment, complimented by more effective government support in key areas (e.g. regulatory, infrastructure development, technology transfer, business/trade facilitation, health and education). The growth of rural micro-, small-, and medium-enterprises, as well as urban-based agro-processors and exporters, are the key to providing agricultural inputs such as fertilizer and seed and to linking smallholders to domestic, regional, and global markets, leading to sustainable rural income growth and better food security. In this context, famine prevention efforts in the near term must be rooted in a commitment to work with the private sector to achieve rural-focused, agricultural-led economic growth.

Food policy reforms will place greater emphasis on providing safety nets for the predictable food insecure, better integration of markets within Ethiopia (high potential to low potential), use cash for relief and local procurement of food for relief programs to the greatest extent possible, and explore the beneficial links between food aid, strategic food reserves and the cereals warehouse receipts system.

Though government policies have constrained market-led agricultural growth in a number of ways, GFDRE has started policy reform efforts on several fronts in recent years. These reforms, while mixed in their degree of ambitiousness and success, collectively signal a willingness to open up the Ethiopian economy and obtain greater support from the donor community for development and reduce dependence on humanitarian relief.

There are three elements to this IR: 1) undertaking essential policy reforms; 2) strengthening Ethiopian capacity to conduct policy and investment research, explore options and advocate for reforms; and 3) establishing a monitoring and evaluation system that links early warning, resiliency and growth to adjust interventions as appropriate.

Policies targeted by this IR include those:

- Restricting enhanced land tenure security and transferability of use rights;
- Limiting access to credit for producer groups, cooperatives, small- and medium-entrepreneurs, agribusiness and traders;
- Constraining the entry of new private sector providers into agricultural input markets;
- Preventing full participation in COMESA's Free Trade Area;
- Establishing food aid and crisis management procedures for relevant line ministries and regions;
- Restricting private investment to increase trade competitiveness (i.e. transport, telecommunications);
- Relating to integrated water resources management, water services provision, land use and natural resources management.

This IR will also strengthen institutions and capacity in Ethiopia to: 1) monitor climatic, environmental, agricultural and economic trends in order to quickly respond to potential shocks or crises; 2) undertake policy and investment analysis to offer policy and investment options to decision-makers; 3) advocate for change in an effective way. A rural economy knowledge support system (REKSS) for the agricultural sector—linked to the existing famine early warning systems—will be developed. REKSS will monitor the potential impact of

food aid on production incentives, markets and private sector development. The Program Support Objective 17 will facilitate these efforts.

Targeting specific policies for reform strengthens Ethiopian capacity for policy analysis and advocacy. A policy matrix will be developed that will allow the mission to track progress from identification of issues, analysis, and stakeholder consultations, through advocacy and policy reform to actual implementation.

The USAID Land Tenure Security Assessment proposed USAID support for land policy implementation; strengthen capacity to administer land; assessment and determination of land use rights; public awareness; and strengthen and support land certification programs. The team proposed support at the national, regional and local levels; and would build upon and complement pilot land administration initiatives of the Swedish International Cooperation Development Agency in the Amhara Region.

Illustrative activities under this IR include:

- Supporting a national dialogue on land policy, including discussion of policy options, public awareness, the capacity to administer land, and support for land certification programs to improve land tenure security;
- Supporting policy dialogue and identifying policy options to lower constraints to the entry of private sector providers of agricultural inputs and private sector entry into domestic and regional agricultural markets; and
- Providing support for COMESA regional trade integration and WTO accession.

At the end of the strategy, fewer impediments will exist for private sector economic activities, helping Ethiopia's farmers and processors to be more competitive in the domestic, regional and global market places. Furthermore, the country will be able to predict shocks in advance and be able to respond as needed.

Support to IFPRI's activities under the REKSS to strengthen policy and analysis will be critical, as will support to private sector organizations promoting trade, such as Chambers of Commerce and industry and trade associations.

IR 16.2 - Selected Input and Product Markets Strengthened

Quantity of agricultural inputs sold through cooperatives and private enterprises;

Number of new private agricultural input suppliers;

Number of producer organizations, small and micro enterprises, and agribusinesses with improved access to financial and business development services

Value and quantity of selected products marketed through cooperatives and producer organizations;

Number of producer organizations, industry and trade associations, and chambers of commerce with enhanced capacity

Under this IR, farmers and pastoralists will improve their access to input and product markets, market transaction costs will be reduced, new market opportunities will be promoted, volatility of select product markets will be reduced, and producers will forge business partnerships with others in the supply chain. A grain warehouse receipts system will be established to counter the inevitable price crashes that have occurred in the past when bumper cereal crops have been produced. Cooperatives, producer organizations, commercial farmers, agribusinesses and small entrepreneurs will all receive business development services, technical support to improve production or manufacturing processes and practices, increased access to market information and market intelligence and support to improve the grades and standards of their product whether for domestic, regional or international markets. Strengthened cooperatives, business associations and chambers of commerce will help to ensure long-term sustainability. Expansion of rural marketing centers will help stimulate the demand and grow the size of the market.

It is widely acknowledged that given the right inputs, technologies, and incentives, Ethiopia's farmers and businesses can produce high yields of food grains (cereals, oilseeds, and pulses), quality coffee, livestock and livestock products for export, and leather and textile products meeting global standards. But, factor,

input and product markets in Ethiopia are poorly developed for many reasons: lack of basic infrastructure such as roads, warehouses, livestock and holding facilities, knowledge of grades and standards, etc. The factors of agricultural production systems, land, labor, and capital are not fully or effectively utilized in Ethiopia. The lack of secure tenure for men and women and transferability rights over land has negative implications for agricultural productivity, natural resource management and economic growth. Finally, the small number of market players, lack of transport and lack of secure on farm storage mean farmers must often sell when prices are lowest.

Strengthening markets is a necessary condition for economic growth and for economic resiliency. In higher potential areas, more efficient markets are essential to realize overall growth targets of 6% in agricultural production. In lower potential areas, where the bulk of the highly vulnerable barely subsist, the ability to provide labor depends on increased production. If increases are not there, then labor must be free to choose new areas where it can be marketed. Investments in land require clear land security. More productive use of land means that some households will lease out their land and provide labor to other enterprises. Women headed households especially lack access to working capital, i.e. credit and security rights over land, as noted in the Gender Analysis. As these are typically the most vulnerable households to loss of assets, USAID will continue to ensure that gender considerations are mainstreamed in all programs.

It is increasingly being recognized in Africa that government provision of such services is unsustainable. Alternative private sector, non-governmental and producer-based supply systems are being encouraged across the continent. This strategy will address these constraints by working with the private sector, as well as with government incentive systems. Interventions will address multiple levels, market systems and structures to encourage trade, move goods between surplus and deficit regions, and create access, especially for the poor. This IR will explore ways to increase access to financial services for producers, agribusinesses, and small entrepreneurs and may use Development Credit Authority (DCA) loan guarantee programs to achieve this.

The USAID Rural Finance Assessment in February confirmed that DCA loan guarantees could be effectively utilized to support short and longer term lending for agricultural cooperatives, agribusinesses, and small and micro enterprises, building upon the Mission's highly successful program with cereals and coffee cooperative unions. Several private banks, including USAID's current partner the Bank of Abyssinia, expressed strong interest in collaboration with USAID. Private banks expressed a willingness to lengthen loan periods (increasing the range of lending instruments) and reduce collateral requirements of borrowers (a major constraint to rural financing) if USAID provided partial risk coverage. Opportunities exist to collaborate with the European Union (small and micro enterprise) and the International Finance Corporation of the World Bank (broad rural sector loan guarantee). Opportunities also exist to use the DCA mechanism to support agro-leasing companies as well as cereals warehouse receipts financing. Potential may also exist for DCA loan guarantees in other areas (rural water; telecommunication) but this would require further analysis.

Recognizing that fully liberalizing the fertilizer and seed industries will take time and that the World Bank is a major player in encouraging this, this IR proposes only to assist by establishing alternative private-based input supply systems. For instance, unions of cooperatives could be encouraged to become players in the full chain of input purchasing, distribution and repayment schemes. Support for rural market town development as trading centers will also lead to greater off-farm employment opportunities. Trade within regions, across regions, and internationally will be promoted.

At the end of the strategy, there will be:

- An increased number of new private investors in input markets as well as an increased number of private (including cooperative) distribution systems;
- Access to credit will have improved for all these players with women targeted to ensure equal access;
- Within selected locales, the number of farmers (including women) with improved security/transferability rights over land will have increased;
- An increase in the value and volume of selected products marketed domestically, regionally and internationally as a result of strengthened cooperatives, agribusinesses and small enterprises having the information and competencies needed to trade;

- Cereal prices will no longer be as volatile as they are currently through the use of a grain warehouse receipts system; in fact increased production could result in a decrease in the need for food imports (commercial or humanitarian) and possible exports into the region during good years; and
- A larger share of food needs should be coming in through international commercial markets;

Within three years, for selected sub sectors and targeted geographic areas, USAID's coordinated interventions will have removed the main obstacles in input and factor markets, or have begun a process that will likely ensure such success. This is important to demonstrate to all, the government, the emerging private sector, and other donors, that it can be done. Tracking this progress will be essential and incorporated into IR 1 policy agenda and monitoring systems.

IR 16.3 - Natural Resource Management and Agricultural Productivity Improved

*Number of households, cooperatives or businesses adopting improved technologies;
Number of functioning groups managing public goods (i.e. watershed management groups, water user associations, pasture management group);
Land area under improved management practices; and
Land area under irrigation.*

One important aspect of the challenge to break Ethiopia's cycle of food crises is the need to sustain increases to the productivity and profitability of agriculture. As noted earlier, agriculture dominates the rural economy of Ethiopia. Increasing the performance of selected food and agricultural commodity systems and value chains has the power to directly put resources (cash, food, skills) into the hands of rural Ethiopians, helping them manage shocks and pursue opportunities to prosper.

Ethiopia has diverse and tremendous natural resource endowments that are the foundation for building comparative advantage and offer real reasons to believe that Ethiopia can grow out of destitution, poverty and food insecurity. Managing these resources responsibly, which has not been the norm in the past, is and will be key to sustained growth in rural incomes and the economy as a whole. Technical options will need to be adapted to the various diverse development domains that exist in Ethiopia.

In all USAID-supported interventions, sound natural resource management will go hand in hand with productivity improvements. Intensifying land use requires good stewardship, such as soil and water conservation, fallowing and enclosures. Carefully designed natural resource management will contribute to household incomes, e.g. through restoration and protection of common grazing areas and community woodlots. For example, the initial progress of Food for Work activities in USAID's Relief-to-Development pilot project to help restore and preserve community and household physical assets in two woredas, is beginning to demonstrate results. Private sector enterprises must also be given market incentives to introduce sustainable approaches to economic growth in selected rural areas, including highly vulnerable food insecure areas as well as higher potential areas.

Rapid productivity increases are essential to USAID's strategy, but they must be sustainable. Tree crops, nitrogen fixing crops, water conservation and harvesting, and watershed management, must be supported, to stop soil mining, deforestation, and erosion. Measures that will be promoted include:

- the use of agricultural systems adapted to drought conditions including drought tolerant food crops, agro-forestry and tree crops;
- improved land, water and natural resource management; and
- rural water resource development for irrigation, livestock, and household/community needs.

Different measures will be adopted for those in areas with high growth potential areas in contrast to those in low potential areas where soils are eroded and hillsides deforested, or holding size so small and fragmented as to no longer support households.

The USAID Rural Water and Sanitation Assessment identified three target categories: high-critical vulnerability, low-medium vulnerability, and development potential, with the nature and extent of water interventions varying among these three categories. At all funding levels (both DA and Title II resources) the

assessment recommended that the Mission pursue an integrated approach with support for the five program areas: USAID support for improved water supply/water security in rural areas and small towns; improved sanitation and hygiene in rural areas and small towns; water management and intensification of horticulture/agriculture; effective multi-use integrated water resource management/watershed systems; and cross-cutting areas (coordination, policy, information management). Significant opportunities for collaboration with other donors, particularly the World Bank and the Canadian International Development Agency (CIDA), were also identified.

Water development for pastoral areas as well as irrigation for cropping areas will be supported. Principles of Integrated Water Resources Management (IWRM) will be used to maximize opportunities for effective multi-use water development, including household water supply. The strategy will follow the Gender Analysis (Annex 4) recommendations to strengthen women's participation and decision making in water management, and support "small scale" irrigation and water harvesting for women's vegetable gardening.

To ensure the accelerated adoption of improved agricultural technologies and practices, innovative partnerships between the research and extension systems, cooperatives and producer organizations, input suppliers, agribusinesses, and non-governmental organizations will be explored. Soil and water conservation, agro-forestry, reforestation and community eco-system management will be promoted both for the livelihood insecure as well as for the more productive small holders to ensure the long-term viability of their efforts.

At the end of the strategy, the resiliency of producers, cooperatives and businesses will have improved measurably. Among the chronically vulnerable, the improved environmental management in their surrounding areas will ideally provide them with expanded livelihood options. Improved land and water management practices coupled with improved technologies will improve the productivity of rural producers, and where possible, these approaches will be introduced to the chronically vulnerable as well. Agricultural producers, small entrepreneurs and agribusinesses will be increasingly competitive in a wide range of markets as a result of their adoption of new technologies and sustainable business practices.

IR 16.4 - Livelihood Options for the Food Insecure Protected, Diversified and Expanded

*Number of productive livelihood strategies employed by households/communities;
Reduced number of households requiring direct food or cash transfers; and
Reduced number of months per year resource transfers are required*

The more than 5 million people who regularly require international food assistance for at least part of any given year are symptomatic of Ethiopia's lack of economic growth and resiliency. They are among the most vulnerable to famine since their resistance to shock has been eroded over time with the destruction of their productive assets. In addition, the yearly needs of these chronically food insecure drain the international, national and local community as limited resources are consumed to keep people alive without affecting their long-term survival.

The provision of assistance to the chronically food insecure has until now been provided as part of the emergency appeal, reaching its intended beneficiaries only after they have depleted any productive assets that might allow for recovery in subsequent years. The purpose of this IR is to meet people's basic needs in a predictable manner that will reach them before they lose crucial assets. It is also important to provide different options to allow people diverse livelihoods and to enable them to meet their food needs throughout the year. These actions will provide a foundation upon which they can begin to participate in activities aimed at economic growth. By protecting livelihood systems and increasing opportunities to diversify livelihood options, this IR contributes to overall economic growth by enabling the chronically poor to participate in the market and production-based activities. The economic resiliency of the chronically poor will be achieved when they are able to rely on diverse livelihood strategies during times of both abundance and hardship, surviving the next shock with no outside assistance and without depleting their productive assets. The shrinking number of chronically food insecure people will lessen the diversion of resources away from the economic growth goal of this SO as community, government and international resources are used to promote growth rather than provide emergency relief.

This IR proposes three types of interventions for a selected number of Ethiopia's chronically vulnerable, based on the premise that reducing food insecurity requires:

- Protecting Assets: The primary goal of the livelihoods transition programs is to protect assets by meeting the basic needs of the food insecure through timely and targeted direct resource transfers that will prevent the sale or irreversible loss of productive assets. This could mean, for example, the provision of nutrient supplements or livestock fodder in times of shock to help pastoralists preserve their herds. The provision of food, cash or inputs could encourage risk adverse farmers to experiment with new technologies. Incentives could be provided to encourage the protection of natural resource assets such as soil and water from depletion or degradation. As women and men control different assets, it is important to be sure that resource transfers are provided to both. Title II food will provide the bulk of the resource transfers to meet basic needs and protect assets.
- Building Assets: The resource transfers will be made in exchange for productive behavior that is explicitly connected to the larger development agenda. Direct resource transfer is provided in exchange for labor or actions that will build assets important to future economic and social resiliency. Work on infrastructure and public works (i.e. market places, roads, bridges, ponds, water source development and protection, pasture rotation, and environmental rehabilitation that will promote markets and economic growth) can all be considered. Resource transfers can also be used to encourage children, especially girls, to stay in school or seek health services such as vaccinations, both essential if these populations are to increase their economic resiliency. It is important that labor-poor households (often women headed) are also able to participate in asset creation activities in exchange for resource transfers.
- Livelihood Diversification and Expansion Activities: Transition programs will also be used to diversify and expand livelihood options in an environmentally sustainable manner. Building upon assets protected and expanded by timely resource transfers to the food insecure, diverse and expanded livelihood options will increase resiliency to shocks and will pull people further up the economic ladder. A wide range of possible activities exist including agro-forestry, adoption of new drought-resistant crops, efficient irrigation technologies, seed nurseries, bee-keeping, improved livestock marketing or training in the range of new value-added businesses expected to emerge as a result of other activities under this SO. Livelihood diversification and expansion activities with direct links to SO 14 include adult literacy and CHW training. The gender division in livelihood strategies will be considered.

Under this IR, by the end of 35 years, sustainable increases in livelihood diversification opportunities will exist in all targeted woredas. In three years, success in protecting assets, while increasing the capacities and opportunities of the persistently poor to participate in rural growth, should result in the stabilization of the numbers of Ethiopians regularly requiring food assistance and within five years these numbers should begin to decline.

The success of this IR is directly linked to the social protection, capacity building, and resiliency strategies undertaken in each of the Strategy's other SOs. This reflects the interdependence of chronic poverty, lack of access to education and health services, lack of access to potable water and sanitation, lack of capacity to anticipate and manage through shock as primary factors contributing to the cycle of famine in Ethiopia.

Famine Fund resources will be used to provide cash transfers to a portion of the chronically food insecure. Cash transfers are more appropriate than food transfers during post-harvest periods and in areas where markets are easily accessible as they provide families with the resources they need to survive. These transfers enable markets to develop by creating effective demand. Cash transfers contribute to livelihood diversification by empowering resource poor families with the choice of investment in basic needs and productive assets. Encouragement of markets and investment is key to achieving results under this IR.

CHAPTER SEVEN: PSO 17: KNOWLEDGE MANAGEMENT COORDINATED AND INSTITUTIONALIZED

7.1 Development Challenge and Responses

Knowledge management supports the creation, archiving, and sharing of valued information, expertise, and insight within and across communities of people and organizations with similar interests and needs.³³

Ethiopia has a wealth of information, but it is hard to find, unsynthesized and dated. There are many producers of information both indigenous and international – Addis Ababa is the home to the Economic Commission for Africa and the African Union, and Addis Ababa University, all international donors and organizations and many foundations have representation in the city. Ethiopian think tanks are becoming more recognized for their critical works. Monitoring and evaluation of myriad innovative development models is performed but not fed back into implementation. All of these actors produce information for themselves, for the government and for each other. Yet, with all of this information available much of it is never fully used by decision makers and practitioners primarily because no one knows that it is there or because it is not in a format that it can be used. This is symptomatic of the lack of institutionalized knowledge management to facilitate sharing, coordination, and collaboration.

The Ethiopian government states in its SDPRP, the implementation process will be one of learning by doing. However, this requires monitoring and evaluation and ways to feed the information and interpretation into corrective actions. Good knowledge management provides the analytical underpinnings of sound policy development and strategic planning. It provides the information for corrective decisions. The same could be said of USAID/Ethiopia and many of its partners. The famine prevention framework is the first of its kind and the strategy to implement it will need to be an incubator where new information and ideas are made available, tried, evaluated and corrected. This will rely on investigation, dissemination and feedback.

Responses to the Challenges

Ethiopia's response to the knowledge management challenges involves using existing institutions. The Central Statistical Authority (CSA) is well established and handles routine data census, surveys, and data processing from various government units. It also has a full program of special studies in a master plan for information gathering over the next several years. The Government of Ethiopia established a Welfare Monitoring System (WMS) in 1996 to monitor the effect of economic policy on social outcomes. Key institutions are the Welfare Monitoring Unit (WMU) in the Ministry of Finance and Economic Development and the CSA. The Welfare Review Committee provides oversight. WMS delivers an Annual Review of Social Trends and Welfare, policy papers on key issues, and workshops and seminars to promote policy discussion and disseminate results. The WMU has the lead role in monitoring and evaluation of poverty, in developing both the SDPRP and the Annual Progress Reports. It will play a lead role in monitoring progress under the Poverty Reduction Support Credit's policy matrix.

The sectoral ministries have their own information collection systems. The Health Management Information System, the Educational Management Information System, DPPC's information center, are but three examples. USAID/Ethiopia will develop a logistics management system to track family planning programs. However, the problem is timeliness and integration of these separate systems. A recent World Bank/International Monetary Fund report notes that the health sector monitoring and evaluation system has been slow to develop, including the absence of reliable national survey data, and low capacity to manage and coordinate the efforts of the increasing number of partners. This could be said of many government information units.

As noted in the Government's first Annual Progress Report for the SDPRP, the government plans to establish an Integrated Management Information System (I-MIS), at WMU. The APR notes:

³³ Marc J. Rosenberg. "E-Learning: Strategies for Delivering Knowledge in the Digital Age." McGraw -Hill 2001

Much of the information required for monitoring and evaluation already exists, but is scattered across government, as well as outside the government system. The I-MIS will include administrative information from all relevant sectors: education, health, water, roads, agriculture, food security, public sector reform and capacity building, private sector development, macroeconomic and budget at the woreda, regional and national levels. It will include information on the adoption and implementation of reforms, and will be able to integrate information from survey and census data.³⁴

For analytical work, Ethiopia's universities and professional associations have "analytical units" that conduct studies, periodic reviews and disseminate in academic, government, and donor circles their findings and recommendations. These include the Institute of Development Research, Addis Ababa University, and the Ethiopian Economics Association. Addis Ababa has several "think tanks" and research institutions of note. These include the Economic Development Research Institute, set up with assistance from the World Bank, and the International Livestock Research Institute, soon to house another international agriculture research institute, the International Food Policy Research Institute (IFPRI).

Coordination and collaboration has been weak among the above institutions. Mechanisms are needed to facilitate networking, joint studies, and fora to raise awareness of critical development issues, examine alternative policies, and develop new strategies, or take corrective actions. Likewise, the Donors' responses to these challenges are multifaceted. Some donors have helped establish and support the Knowledge Management infrastructure with direct funding to institutions. Others have carried out separate studies. Again, coordination and collaboration needs to be strengthened.

The Donor Assistance Group is now considering assistance to the CSA and WMU for monitoring and evaluation of the SDPRP. Funding would be through a multi-donor pool, a mechanism the DAG members have used to support the consultation process to develop the SDPRP.

USAID has provided technical assistance and commodities to help the CSA with the first-ever Demographic and Health Survey (DHS), the first ever National Agricultural Census and an Aerial Livestock Census. In early warning systems, USAID established the FEWSNET system which has provided invaluable information for predicting the onset of drought induced emergencies. But more needs to be done to integrate this system with other early warning systems. USAID supports development of the Health Management Information System and has provided technical assistance to the DPPC, under the Strengthening Emergency Response Activity, to develop vulnerability profiles and response packages for 16 woredas and create an information center.

7.2 Program Support Objective Rationale and Development Hypothesis

Ultimately, if knowledge management is to be improved and play its critical role, donors must rally around a focal point that provides leadership, improves collaboration, and coordinates analyses around a shared, common agenda, and ensures widespread dissemination that all stakeholders can take from to better play their roles more effectively in addressing Ethiopia's challenges. USAID, in collaboration with its partners, the government, and other donors can be involved in focusing the research agenda for major policy development, expanding the use of indigenous and international research institutions to perform applied research, and disseminating information and creating fora for review and discussion. Key to completing this circle will be the feedback into actors and programs that can use the information to improve the implementation of development in Ethiopia. Finally, USAID/Ethiopia realizes that there is much in its strategy that requires further analysis. Furthermore, we recognize that many of our programs are pilot in the sense that new paradigms are being tested. We will need to create a mechanism for rapid analysis and feedback in a timely manner to steer implementation.

7.3 Results Framework and Discussion

USAID/Ethiopia appreciates the role that knowledge management will play in implementing the strategic objectives of the Integrated Strategic Plan. This PSO will support and champion programs in all areas to

³⁴ Annual Progress Review, Page 106

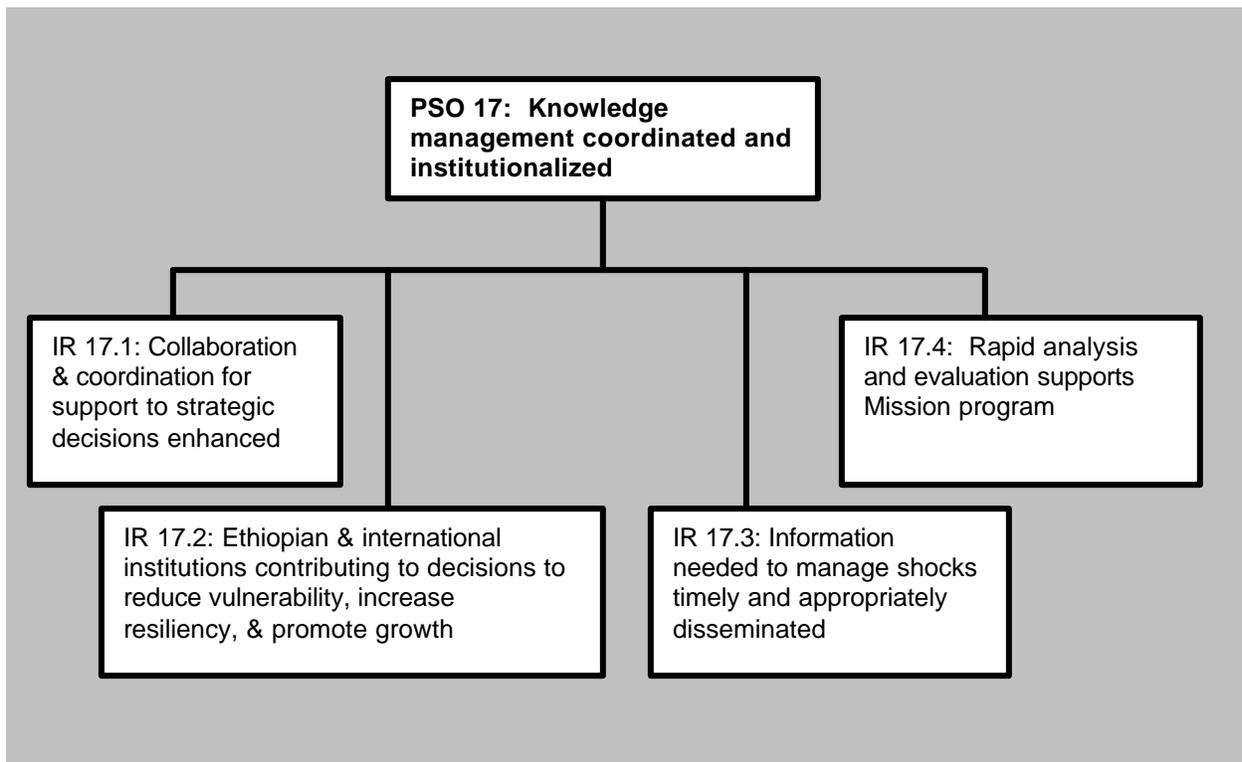
strengthen crises management (SO 13), human capacity and social resilience (SO 14), good governance (SO 15), and economic growth and resiliency (SO 16). USAID regulations provide for “program support objectives” in support of the rest of a Mission’s portfolio. The Program Support Objective statement and four intermediate results are as follows:

PSO 17: Knowledge management coordinated and institutionalized

- IR 17.1: Collaboration and coordination for support to strategic decisions enhanced
- IR 17.2: Ethiopian and international institutions contributing to decisions to reduce vulnerability, increase resiliency, and promote growth
- IR 17.3: Information needed to manage shocks timely and appropriately disseminated
- IR 17.4: Rapid analysis and evaluation supports Mission program implementation

PSO Level Results

USAID, acting in concert with other key stakeholders, will foster changes to existing information systems and creation of new knowledge management approaches that will catalyze a broader, society- wide transformation process of how information is gathered, shared, analyzed, and disseminated for decision making and policy. Three intermediate results will focus on these critical aspects of knowledge management. One intermediate result will support the implementation of USAID/Ethiopia activities.



IR 17.1 - Collaboration and coordination for support to strategic decisions enhanced.

PSO 17 will work through Mission mechanisms and donor coordination bodies to create a focused analytic research agenda based on a common policy agenda. USAID/Ethiopia will bring together key stakeholders in a range of fora to promote the principles underlying knowledge management for decision making and policy development and correction. Through its decentralization strengthening activities under SOs 13 Crises Management, 14 Human Capacity and Social Resiliency, and 15 Good Governance, USAID will promote greater collaboration and coordination both horizontally and vertically. And the PSO will support

dissemination and collaboration for the sources of growth analyses under SO 16, Economic Growth and Resiliency, at all levels and to various stakeholders and decision makers.

IR 17.2 - Ethiopian and international policy institutions contributing to decisions to reduce vulnerability, increase resiliency, and promote growth

In order to both increase the use of improved information and analysis for rational decision making and institutionalize the capacity to generate relevant research that is respected and acknowledged, USAID/Ethiopia proposes to support research institutions with seed grants. We will also continue to bring in premier research and analysis organizations to team with Ethiopian organizations or -- when we have them in country to do our work -- share their expertise.

Another route for bringing sound policy analyses to decision makers will be by bringing in topical experts such as Michael Porter or Hernando DeSoto on issues of economic growth strategies.

USAID also has special access to experts and region-specific analyses through IFPRI and Harvard University. Furthermore, the Feinstein International Famine Center (FIFC) of Tufts University will continue to provide technical assistance in all areas, especially focusing on information for crisis management. FIFC special seminars and training programs on all dimensions of famine vulnerability and response have been widely attended by NGOs and government. Alliances with Ethiopian institutions by Feinstein, IFPRI, and other respected international research institutions will be fostered to help achieve this result.

IR 17.3 - Information needed to manage shocks timely and appropriately disseminated

USAID will assist the government to use improved, integrated information to inform the safety net debate (e.g. the difference between chronic and acute), the overall activities of the Coalition for Food Security, and the wider relief to development debate. As we look at the policy reform agenda new and relevant information delivered in a timely and non-threatening manner may be useful. The PSO 17 team, working with the Public Affairs Office of the Embassy and other channels, will focus on broadening dissemination in public fora. In this context, it will also address issues of information access, and somewhat peripheral -- not unrelated -- issues such as the new draft press law and media restrictions. Continuing efforts to open up the telecommunications sector, and specifically, private sector internet service providers will be supported under this IR in close collaboration with the Embassy and USAID/Washington.

IR 17.4 - Rapid analysis and evaluation supports Mission program implementation

The PSO is also being established to directly assist USAID/Ethiopia's SO Teams as they complete analysis needed for activity design and implementation. Real time information, evaluation, and analysis rapidly acquired will feed back into the implementation of activities to clarify questions and evaluate pilot models. When USAID funded studies are cross-cutting, and not solely under any one team, the PSO team will provide knowledge management oversight and exploit links to other stakeholders and a wider audience, as appropriate.

**Foundation Established
For
Reducing Famine Vulnerability, Hunger, and Poverty
*Integrated Strategic Plan: FY 2004 to FY 2008***



**USAID Mission to Ethiopia
March 15, 2004**

ANNEXES 1 - 5

This Integrated Strategic Plan for Ethiopia was assembled by USAID/Ethiopia.
This Integrated Strategic Plan is a 'pre-decisional' USAID document and
does not reflect results of USG budgetary review.

Additional information on the attached can be obtained from Karen Nelson, AFR/EA, USAID.

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ANNEX 1

PROFILE OF ETHIOPIA

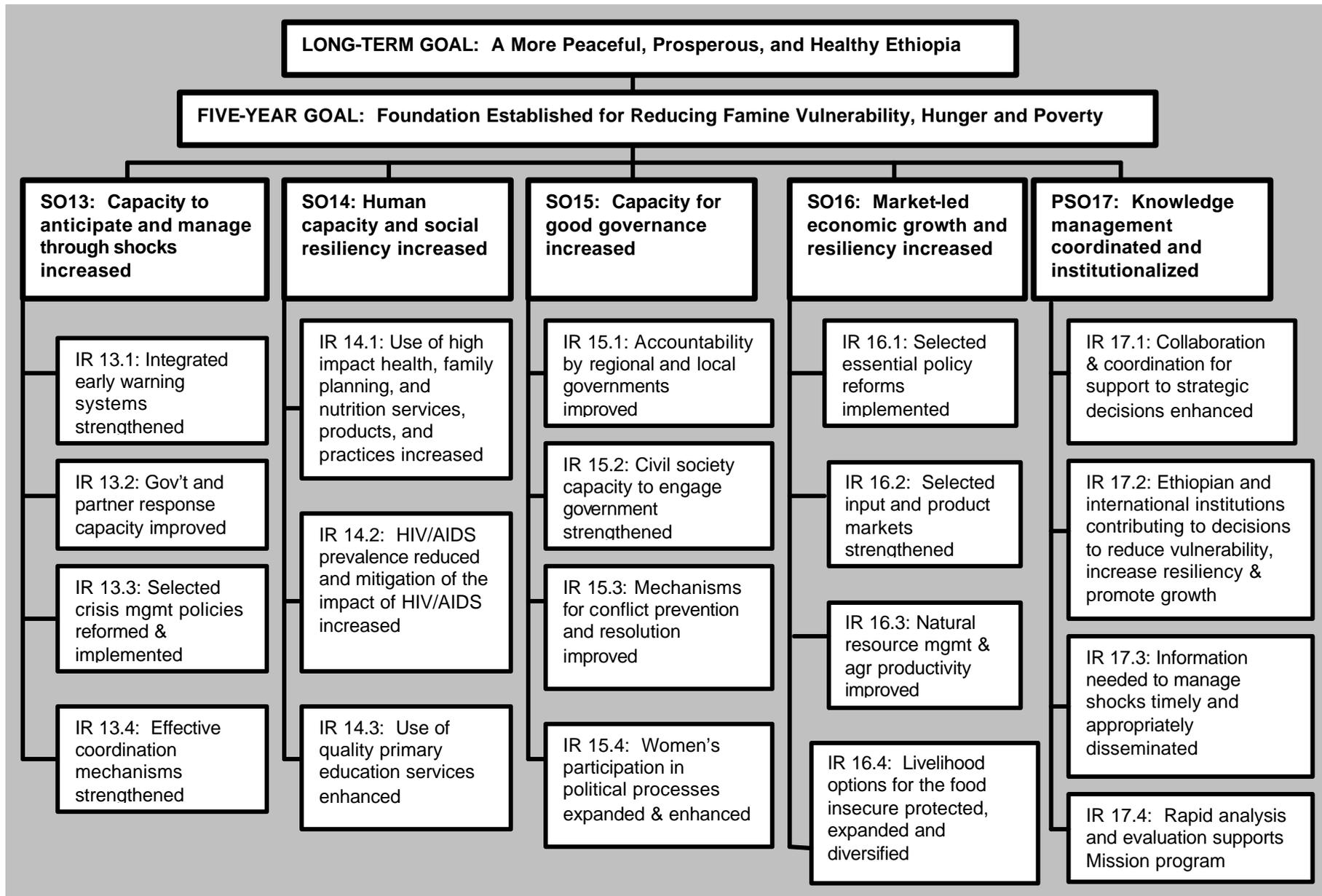
GOVERNMENT	
Type of Government	Federal Republic
Head of State	President Girma Woldegiorgis
Head of Government	Prime Minister Meles Zenawi
Administrative Divisions	9 Regional States: Afar; Amhara; Benshangul-Gumuz; Gambela; Harari; Oromia; Somali; Southern Nations, Nationalities, and Peoples (SNNP); and Tigray. 2 chartered cities: Addis Ababa and Dire Dawa
GEOGRAPHY	
Area coverage	1.14 million sq. km
Climate	Tropical monsoon with wide topographic-induced variations
Terrain	High plateau with central mountain range divided by the Great Rift Valley
Elevation extremes	Lowest point: Danakil at -125 meters (below sea level); Highest point: Ras Dashen Terara at 4,620 meters
Natural resources	Reserves of gold, platinum, copper, potash and natural gas
Land use	Arable Land 45%, of which Irrigated 3%; Forests and woodland 25%; Other 30%
DEMOGRAPHY	
Total population (2003)	69.1 million (second most populous country in Africa)
Rural population	56.9 million (84.7%)
Urban population	10.3 million (15.3%)
Male population	33.7 million (50.15%)
Female population	33.5 million (49.85%)
Population growth rate	2.7%
Ethnic groups	Oromo 32% Amhara 30% Tigre 6% Somali 6% Welayta 5% Gurage 4% Sidama 3% Afar 2% Hadiya 2% Kembata 1% Keffa 1% Other 8%
Religions	Ethiopian Orthodox 50.5% Other Christian 11.1% Muslim 33.3% Others 5.1%
Main languages	Amharic (official language) Oromigna Tigrigna English (major foreign language taught in schools)

ECONOMY		
GDP by main activity, 2001/02	Agriculture	43.20%
	Industry	10.95%
	Other Service	45.88%
GDP expenditure at current prices, 2001/02	Government consumption	22.81%
	Private consumption	75.79%
	Investment	20.30%
	Gross domestic Savings	1.80%
	Resource Balance	-18.71%
	Export of Goods and Non-Factor Services (NFS)	15.51%
	Import of Goods and Non-Factor Services (NFS)	34.21%
Inflation rate in 2001/02		-7.20%
Principal exports	Coffee, hides and skins, chat, oil seeds, gold, pulses, sugar, fruits and vegetables, meat products, live animals	
Industries	Food processing, beverages, textiles, chemicals, metals processing, cement	
Agriculture	Cereals, pulses, coffee, oilseed, sugarcane, potatoes, hides, cattle, sheep, goats	
INFRASTRUCTURE		
Railways	681 km (Ethiopian segment of the Addis Ababa-Djibouti railroad). Since April 1998, Djibouti and Ethiopia have been revitalizing the century-old railroad that links their capitals.	
Roads	21kms of road per 1,000 square kilometers and 0.43km per 1,000 people	
	Total	30,871 km
	Paved	3,924 km
	Unpaved	26,947 km (2002 est.)
Ports and harbours	Ethiopia is landlocked and was by agreement with Eritrea using the ports of Assab and Massawa, but since the border dispute with Eritrea flared, Ethiopia has used the port of Djibouti and to a lesser degree, Berbera in Somaliland.	
Airports	Two international airports (Addis Ababa and Dire Dawa). Twenty domestic airports (8 paved and 2 unpaved). The New Addis Ababa International Airport was inaugurated in 2003.	
In Relation to Sub-Saharan Africa (SSA)		
	Ethiopia (2001)	Sub Saharan Africa (2001)
Human Development Index	0.359,	ranked 169th out of 175 countries
Population growth rate	2.7%	2.8% (average)
Life expectancy	45.7 years	46.5 years
Real GDP per capita	US\$100	US\$500 (average)
GDP growth (1990-2001)	2.4%	-0.1 %
Purchasing power parity	US\$810	US\$1831 (average)
Selected Indicators (In line with MDGs), 2001/02		
1. Poverty (Head Count Ratio)	44 %	48.7 %
2. Food poverty (extreme hunger)	57 %	
3. Seats in parliament held by women	7.8 %	11 %
4. Percentage of women in total labor force activity	35.4 %	
5. Primary gross enrollment ratio	61.6 %	60 %
6. Girls/boys ratio	70 %	85 %
7. Under five mortality rate	187.8 per 1000	174 per 1000

8. Maternal mortality rate	871 per 100,000 live births	
9. HIV/AIDS prevalence	6.6 % 13.7 % urban 3.7 % rural 2.8 %	9 %
10. Percentage of land under forest cover	28.4 %	46 %
11. Access to clean water	75.7 % urban 19.9% rural	
12. Export of goods as % of GDP	19.92 %	32 %
13. Export of coffee as % of total exports	38.4 %	
14. Export of leather and leather products in % of total exports	13.51 %	
15. Average ODA per year (1997 to 2003)	US\$ 996 million	
16. ODA per capita (1997-2001, average)	US\$ 12.80	US\$ 22.60
17. Total external debt (stock)	US\$ 6.1 Billion	
18. Ratio of external debt to GDP (%)	103.4%	
19. External debt-service ratio	14.7 %	

Source: Human Development Report (HDR) 2002 and 2003 UNDP, Ministry of Finance and Economic Development (MoFED), Central Statistical Authority (CSA), Ministry of Health (MOH) and Ministry of Education (MOE).

ANNEX 2 RESULTS FRAMEWORKS



SO 13

FIVE-YEAR GOAL: Foundation Established for Reducing Famine Vulnerability, Hunger and Poverty

SO 13: Capacity to anticipate and manage through shocks increased

IR 13.1: Integrated early warning systems strengthened

IR 13.2: Government and partner response capacity improved

IR 13.3: Selected crisis management policies reformed and implemented

IR 13.4: Effective coordination mechanisms strengthened

SO 14

FIVE-YEAR GOAL: Foundation Established for Reducing Famine Vulnerability, Hunger and Poverty

SO 14: Human capacity and social resiliency increased

IR 14.1: Use of high impact health, family planning, and nutrition services, products, and practices increased

IR 14.1.1: Community support for high impact health interventions increased

IR 14.1.2: Availability of key health services and products improved

IR 14.1.3: Quality of key health services improved

IR 14.1.4: Health sector resources and systems improved

IR 14.2: HIV/AIDS prevalence reduced and mitigation of the impact of HIV/AIDS increased

IR 14.2.1: Reduced risk behavior

IR 14.2.2: Mother-to-child transmission of HIV reduced

IR 14.2.3: Access to care and treatment for people living with HIV and AIDS increased

IR 14.2.4: Care and support for orphans and vulnerable children expanded

IR 14.2.5: A more supportive environment for responding to HIV/AIDS

IR 14.3: Use of quality primary education services enhanced

IR 14.3.1: Community participation in the management and delivery of primary education services strengthened

IR 14.3.2: Planning, mgmt and monitoring and evaluation for delivery of primary education services strengthened

IR 14.3.3: Quality of primary education improved

IR 14.3.4: Equitable primary education services strengthened

SO 15

FIVE-YEAR GOAL: Foundation Established for Reducing Famine Vulnerability, Hunger and Poverty

SO 15: Capacity for good governance increased

IR 15.1: Accountability by regional and local governments improved

IR 15.2: Civil society capacity to engage government strengthened

IR 15.3: Mechanisms for conflict prevention and resolution improved

IR 15.4: Women's participation in political processes expanded and enhanced

SO 16

FIVE-YEAR GOAL: Foundation Established for Reducing Famine Vulnerability, Hunger and Poverty

SO 16: Market-led economic growth and resiliency increased

IR 16.1: Selected essential policy reforms implemented

IR 16.2: Selected input and product markets strengthened

IR 16.3: Natural resource management and agricultural productivity improved

IR 16.4: Livelihood options for the food insecure protected, expanded, and diversified

PSO 17

FIVE-YEAR GOAL: Foundation Established for Reducing Famine Vulnerability, Hunger and Poverty

PSO 17: Knowledge management coordinated and institutionalized

IR 17.1: Collaboration & coordination for support to strategic decisions enhanced

IR 17.2: Ethiopian and international institutions contributing to decisions to reduce vulnerability, increase resiliency, and promote growth

IR 17.3: Information needed to manage shocks timely and appropriately disseminated

IR 17.4: Rapid analysis and evaluation supports Mission program

ANNEX 3 ETHIOPIA ENVIRONMENTAL THREATS AND OPPORTUNITIES ASSESSMENT SUMMARY

“Biological resources are fundamental to human well being and survival. They are the bases for agriculture and livestock, timber production, export earnings, economic output as well as for their ecological services and functions. Ethiopia, because of its geographical position, range of altitude, rainfall pattern and soil variability, has an immense ecological diversity and a huge wealth of biological resources.” (Ethiopian Institute of Biodiversity Conservation and Research, 2001)

Overview:

This environmental analysis presents an overview of the environment sector in Ethiopia and provides a threats and opportunities assessment. In particular, analysis is required by Sections 118(e) and 119(d) of the Foreign Assistance Act, regarding Tropical Forestry and Biodiversity conservation, respectively. This analysis is designed to support the priority-setting process of USAID/Ethiopia as it develops its future programming for the next five years.

As discussed below in Section II (Threats to Tropical Forests Biodiversity and the Environment) below, Ethiopia has the second largest population in Sub-Saharan Africa after Nigeria. Over eighty-five percent of Ethiopia’s population live in rural areas and depend on natural resources for their livelihoods, economic development and food security. As nearly half of the current population is classified as undernourished, a continuation of resource depletion will have major implications on Ethiopia’s ability to become food secure.

The greatest threat to biodiversity is the loss of habitat as humans develop land for agriculture, grazing livestock, draining wetlands and unwise use of pesticides. The most drastic damage has occurred in the natural high altitude forests and their biological resources that once covered more than thirty-five percent of the total land area of the country. The resulting deforestation and soil erosion will have major implications on Ethiopia’s ability to become food secure.

In addition to unsustainable land management practices, there are also a number of institutional constraints which are reducing the effectiveness of biodiversity and tropical forestry in Ethiopia. For example, there is poor coordination among various organizations (government, NGOs, and international organizations) involved in natural resources management.

As discussed in Section III (Actions Necessary to Conservation Biodiversity and Tropical Forests) below, there are a number of actions that are necessary to conserve biodiversity and tropical forests in Ethiopia. These actions include:

- Improving protected area management;
- Providing assistance to communities living adjacent to protected areas;
- Improving resource management at the community level throughout Ethiopia; and
- Implementing institutional and policy reforms.

The Mission plans to take an integrated approach to economic growth that will likely have specific positive impacts on the conservation of biodiversity and tropical forests. In fact, the proposed integrated approach is much more likely to have measurable positive impacts on tropical forests and biodiversity than the more traditional approach which focuses primarily on specific protected areas. For example, farmers in the Gondar area or Northwestern Ethiopia are in desperate need of secure land tenure and access to agro-forestry technologies (technologies available within Ethiopia and other East African countries). The integrated and market-based approach to rural development proposed by the Mission is sound and positive impacts on tropical forests and biodiversity can be expected.

Specific planned actions under each of the Mission’s Strategic Objectives (SO) are identified in this document that will contribute to the conservation of tropical forests and biodiversity (Please refer to Section IV, An Overview of Planned USAID/Ethiopia Activities Which Address the Conservation of Biodiversity and Tropical Forests). There are a number of actions in particular proposed by the Mission which will likely address many of the key threats to biodiversity and tropical forests. Some of these proposed actions are indicated below.

- Providing communities with access to improved agricultural technologies under SO 16 and Title II programs could have a positive direct impact on biodiversity and tropical forests by intensifying agriculture and reducing agricultural expansion into protected areas.
- Improving education and community access to contraceptives under SO 14 will likely reduce population growth in areas surrounding protected areas.
- Improving soil fertility and agricultural production under its SO 16 and Title II programs will likely prevent further encroachment on forested and uncultivated areas. Non-farm economic opportunities will also be created under SO 16 which will provide resource users with economic alternatives to unsustainable land use practices.
- Reforming Ethiopia's institutions and policies affecting tropical forests and biodiversity. For example, SO 16 is planning to provide assistance in the area of land tenure. Providing resource users with legal ownership of their land and trees is an important step towards the creation of enabling conditions necessary for resource users to adopt sustainable land practices.
- Improving the ability of community organizations to advocate policy reform and service delivery under SO 15.

As indicated above, the Mission plans to take an integrated approach to economic growth that will likely have specific positive impacts on the conservation of biodiversity and tropical forests. As discussed in Section IV below, the Mission does not have a comparative advantage to address all of the threats and necessary actions to conserve biodiversity and tropical forests by itself. However, its integrated approach to conservation is sound. There is also ample opportunity for the Mission to address many or all actions necessary to conserve biodiversity and tropical forests if it works collaboratively with other international donors and GFDRE institutions during the design and implementation of its programs.

I. Background

USAID/Ethiopia is developing a five year Integrated Strategic Plan (ISP) for the period 2004-2008. One of the mandatory technical analyses required for the ISP is an Environmental Analysis. This analysis is required by Sections 118(e) and 119(d) of the Foreign Assistance Act, regarding Tropical Forestry and Biodiversity, respectively (ADS 201.3.8.2, effective date 01/31/2003). Strategic Plans must include (1) a summary of their analyses of the actions necessary to achieve conservation and sustainable management of tropical forests and biodiversity, and (2) the extent to which the actions proposed meet the needs thus identified.

USAID/Ethiopia chose to accomplish this mandatory analysis in the context of a broader Environmental Threats and Opportunities Assessment (ETOA). Research for the drafting of the ETOA was conducted during the period of January 24, 2004 through February 19, 2004. The assessment was based on a review of existing literature and various field site visits.

Key Government of Ethiopia (GFDRE) documents consulted during the research process include the "State of the Environment Report for Ethiopia" (2003) and the "Conservation Strategy of Ethiopia" (1997). Information was also obtained from non-governmental organizations and international donor organizations. (See Annex D, Document and Sources Consulted).

II. Threats to Tropical Forests, Biodiversity and the Environment

Ethiopia has the second largest population in Sub-Saharan Africa after Nigeria. Over eighty-five percent of Ethiopia's population, estimated at sixty-nine million people, live in rural areas and depend on natural resources (land, water, forests and trees) for economic development and food security. The average population growth rate peaked to slightly over three percent in the 1990s and is expected to reach eighty-three million by 2010 (Food and Agricultural Organization, 2003).

Given this situation, the present methods of resource use and management are causing serious depletion of Ethiopia's natural resources. As nearly half of the current population is classified as undernourished, a continuation of resource depletion will have major implications on Ethiopia's ability to become food secure.

The greatest threat to biodiversity is the loss of habitat as humans develop land for agriculture, grazing livestock, draining wetlands and unwise use of pesticides. As human populations increase their encroachment on natural habitats, they are having a detrimental effect on the very ecosystems on which they depend. In Ethiopia, the most drastic damage has occurred in the natural high altitude forests and their biological resources that once covered more than forty-two million hectares--thirty-five percent of the total land area of the country.

The changes in agricultural production in Ethiopia over the past few decades pose the greatest threat to Ethiopia's genetic diversity. These agricultural changes include:

- Advances in agriculture and changes in land use;
- The preference of farmers for crops which give greater economic returns;
- The exploitation of the natural forests through agricultural expansion instead of agricultural intensification; and
- Natural calamities such as drought. (Institute of Biodiversity Conservation and Research, 1990).

Deforestation

Deforestation has occurred in Ethiopia for 2,500 years and has reduced the original forest cover area from an estimated forty-percent to 2.2 percent of the country today. The total forest area of Ethiopia in 2000 was 4,593,000 hectares. Since 1990, there was a 0.8 percent reduction in total forest cover (World Resources Institute, 2004). The effect on montane areas has been particularly severe with a decline in the forested area from eighty-seven percent to nine percent in forests located over 1,500 meters (Ethiopian Wildlife Conservation Organization, 1999).

Deforestation and the associated land degradation threaten ecosystems for flora and fauna and thus the conservation of genetic resources. Ethiopia is an important regional center for biological diversity. A loss in biodiversity ultimately implies economic losses to Ethiopia and the world. In addition, the removal of vegetative cover reduces the amount of carbon that can be sequestered from the atmosphere. As the growth stock of Ethiopia's forestry resource base is depleted, its value as a 'carbon sink' is reduced.

Although there are several reasons for the depletion of forest resources, the following are considered major:

- Increases in population and consequent increases in the demand for agricultural land, fuel wood as well as construction and industrial use;
- Settlements around forest areas;
- Forest fires;
- The expansion of large commercial farms in forest areas;
- The absence of a forest protection and conservation policy;
- The absence of a strong forest administration system capable of arresting the rapidly increasing rate of deforestation as well as controlling and preventing the disruption of the various ecosystems;
- Lack of effort to ensure the participation of communities in forest protection and conservation and the sharing of benefits; and
- Failure to clearly demarcate and enforce the boundaries of natural forest reserves (Environmental Protection Authority, 2003).

The impact of deforestation on agricultural production appears to be substantial. This is despite the fact that not all losses in agricultural production due to land degradation and soil erosion can be attributed to the diminishing forest cover. Earlier studies, such as the Ethiopian Highlands Reclamation Study of 1985, probably overestimated the production losses due to land degradation, but more recent studies confirm the seriousness of the situation.

According to a 1991 report of the National Conservation Strategy Secretariat, the combined impact from soil erosion and the burning of dung and crop residues on agricultural yields resulted in foregone cereal production of about 100,000 tons in 1990. This is equivalent to one fifth of an average year's grain harvest and would have been sufficient to feed over four million people. To the average farmer the grain lost represented about twelve percent of his/her annual income. Production losses will increase as more cropland reaches the critical minimum soil depth at which productivity drops dramatically and production is no longer viable.

Soil Erosion

In Ethiopia, up to 400 tons of fertile soil per hectare is lost annually from land with insufficient vegetation cover as well as from land where no effective soil conservation has been carried out. It is estimated that the amount of soil lost annually from wind and soil erosion is 1.5 to 1.9 billion tons. Forty-five percent of this soil loss occurs on crop farmlands and 21 percent occurs on overgrazed rangelands. The value of soil that was eroded in 1989 and 1990 only was estimated to have a monetary value of Birr 59 million (Environmental Protection Authority, 2003).

Soil erosion has several direct and indirect negative impacts. It has a direct impact on food security as degraded land reduces soil fertility and associated agricultural productivity. The accumulation of soil particles in water (siltation) also leads to water resources degradation. This can reduce the quality of potable water and reduce the life of water dams.

To combat soil erosion, traditional as well as modern soil conservation measures have been carried out in different parts of the country. For centuries communities in Ethiopia have been carrying out traditional soil conservation measures. Soil conservation measures that have been used to date include the construction of terraces, soil bunds, micro-basins, the protection of regenerating natural vegetation, and tree planting.

Institutional Threats

There are a number of institutional constraints which are reducing the effectiveness of biodiversity and tropical forestry in Ethiopia. For example, there is poor coordination among various organizations (government, NGOs, and international organizations) involved in natural resources management. Even the most basic information regarding the different natural resources management activities in Ethiopia is not available in one place. This lack of coordination and information sharing among implementation partners is not conducive to a collaborative effort in any sector.

The GFDRE has decentralized all management responsibilities from the central offices in Addis Ababa to the regional offices. While this is commendable at first glance, the new roles and responsibilities of the regional offices have not been made clear. In addition, the regional offices staff has limited capacity to carry out their new management responsibilities.

A new forest policy is needed in order to clarify issues regarding the legal status of National Forest Priority Areas, community participatory management and benefit sharing. In addition, an effective institutional framework has not been established for the management of forest resources. Presently, the Ministry of Agriculture is the institution responsible for the management of Ethiopia's forest resources. However, forestry is under-represented and appears to be a minor element within the Ministry's broader agricultural mandate.

There appears to be a conflict between the GFDRE's protected area management program and its interest in industrial development. There may be some cases where the GFDRE's industrial processing activities are degrading its protected areas. Certainly there must be opportunities for industry and protected area managers to work together.

III. Actions Necessary to Conserve Biodiversity and Tropical Forests in Ethiopia

The following are categories of priority action needed on the part of the development community as a whole. USAID's response is summarized in Section IV.

Improve Protected Area Management

- Build the capacity of institutions now responsible for the management of protected areas. The capacity of the Ethiopian Wildlife and Conservation Organization's (EWCO) management skills and capacity are weak at both the central and regional levels. The EWCO staff needs training in planning, protected area management and tourism development.

Provide Assistance to Communities Living Adjacent to Protected Areas

- Increase access to family planning services to limit expansion into protected and forested areas.

- Intensify agricultural production for communities living adjacent to protected areas.
- Increase off-farm income generating activities for communities living adjacent to protected areas.

Improve Resource Management at the Community Level throughout Ethiopia

- Use of wood for cooking and heating fuel and for timber is happening at an unsustainable rate throughout much of Ethiopia. Efforts must be made to improve local management of forests and to increase the planting of woodlots.
- Increased investments in improving soil fertility and agricultural production on existing farms is needed to prevent further encroachment on forested and uncultivated areas.
- Non-farm economic opportunities should be created to draw people into urban areas and away from a complete reliance on the natural environment for their livelihoods.

Implement Institutional and Policy Reforms

- Land Tenure. The land tenure system needs to be reformed to provide incentives for resource users to invest in their land over the long term.
- Forest Policy. There is not a clear forest policy. A new forest policy is needed in order to clarify issues regarding:
 - Legal status of National Forest Priority Areas.
 - Community participatory management and benefit sharing; and
 - Identification and establishment of production and protection forests.
- Ineffective Institutional Framework. An effective institution has not been established for the management of forest resources.
- Institutional Coordination. There is poor coordination among various organizations (government, NGOs, and international organizations) involved in forest resource conservation and development programs. There is also a need for better inter-sectoral cooperation.
- Monitoring and Evaluation. Monitoring and evaluation systems need to be improved and coordinated.

IV. Extent to Which the Actions Proposed For Support in the Mission's ISP Meet the Needs Identified (Section III) to Conserve Biodiversity and Tropical Forests.

A. Overview of Planned USAID/Ethiopia Activities Which Address the Conservation of Biodiversity and Tropical Forests

Under the current strategy, USAID does not plan to establish an explicitly environmental strategic objective to target protected area management, biodiversity conservation, or tropical forest management. This decision was made given the high priority for addressing critical issues relating to famine alleviation, food security, agricultural production, economic growth, health, HIV/AIDS and democracy and governance. However, SO16 does have a strong focus on natural resources through its Intermediate Result 3 entitled "Natural Resource Management and Agricultural Productivity Improved"

USAID/Ethiopia made a strategic decision not to work directly in certain sectors, considering funding limitations, other donor interventions and USAID's comparative advantage. The Mission does not envision significant support in some key environmental areas (protected areas, forest management, urban environmental health, and large-scale water or energy development). Planned interventions under the strategy will contribute to these by lessening the pressure on fragile ecosystems, raising public awareness and advocacy, strengthening government capacity to rationalize policies and investments, and improving monitoring. For instance, SO 16 reflects an integrated approach in addressing Ethiopia's environmental challenges and opportunities and incorporates the Environmental Threats and Opportunities Assessment (ETOA) and water analyses prepared in early 2004. Interventions that will directly benefit the environment include: improved land use planning; land tenure security; integrated community-based watershed management; rural water development; promotion of cleaner production practices in agro industry; adoption of improved agricultural practices including cropland, pastureland and resource management; community and household energy interventions; and market development for eco-certified agricultural products. Intensification of agriculture, expansion of viable off-farm and/or non-agriculture employment and livelihoods opportunities, and support for cross-sector policy reform and social mobilization to focus greater attention on key issues of public concern (i.e., population growth, environmental pollution, deforestation, loss of biodiversity and productive assets) will all contribute substantially to sound natural resource management and environmental protection.

In view of the ISP focus on reducing famine vulnerability, hunger and poverty, the Mission believes its comparative advantage particularly as relates to SO 16 lies in the areas of productive safety nets for highly vulnerable populations, small holder farm and pastoralist systems development, agribusiness, small enterprise and market/trade development, and supporting an integrated approach that promotes sound natural resource utilization and improved agricultural production and post-harvest practices required for enhancing and sustaining rural productivity. The Mission will pursue policy reform in key areas impacting on natural resource use, enterprise competitiveness and resiliency of households and communities. These include policies related to land tenure security, integrated water resources management, and land use.

Other factors contributing to the decision not to pursue an environmental strategic objective include the ongoing activities to enhance management of protected areas, tropical forests and biodiversity being undertaken by other bilateral and multilateral donors and NGOs, including European Union funding for national park rehabilitation, World Wildlife Fund activities in the Bale Mountains National Park, and support from Germany for the Adaba-Dodola Integrated Forest Management Activity (see Section 14).

However, USAID/Ethiopia recognizes the critical importance of preserving and preventing further damage to Ethiopia's unique biodiversity treasures and dwindling tropical forests. Protection of these valuable resources is essential for the future prosperity and food self sufficiency of the country. Ethiopia's position as the home of numerous land races for coffee, teff and a variety of other food crops only increases the importance of their preservation. It is also clear that addressing Ethiopia's recurrent crises in agricultural production and promoting increased economic growth and improved health cannot be achieved without making investments to improve the natural resource base—including forests, biodiversity, watersheds and soil fertility.

Below are the four categories of "actions necessary to conserve biodiversity and tropical forests in Ethiopia" as indicated in Section III above and a brief summary of planned Mission activities that will address those actions.

1... Improve Protected Area Management

The Mission does not plan to conduct activities which will directly improve protected area management because it does not have a comparative advantage in this area particularly given the ISP focus on reducing famine vulnerability, hunger and poverty. In addition, other bilateral and multilateral donors and NGOs are already assisting the GFDRE to improve their capacity to manage protected areas. However, the Mission may consider some limited support for tourism development under its SO 16 program at some point in the future if such support contributed directly to off employment in its target geographical program areas.

2... Provide Assistance to Communities Living Adjacent to Protected Areas

The activities described in the Mission's ISP may assist communities living adjacent to protected areas. For example, providing communities with access to improved agricultural technologies under SO 16 and Title II programs could have a positive direct impact on protected areas by intensifying agriculture and reducing agricultural expansion into protected areas and priority natural forests. In addition, improving education and community access to contraceptives under SO 14 will likely reduce population growth in areas surrounding protected areas.

3... Improve Resource Management at the Community Level throughout Ethiopia

The Mission is planning to increase investments in improving soil fertility and agricultural production under its SO 16 and Title II programs. These activities will likely prevent further encroachment on forested and uncultivated areas. Non-farm economic opportunities will also be created under SO 16 which will provide resource users with economic alternatives to unsustainable land use practices.

4... Implement Institutional and Policy Reforms

The Mission is likely to provide assistance in a number of areas that will contribute to the reform of Ethiopia's institutions and policies affecting tropical forests and biodiversity. For example, SO 16 is planning to provide assistance in the area of land tenure. Providing resource users with legal ownership

of their land and trees is an important step towards the creation of enabling conditions necessary for resource users to adopt sustainable land practices.

In addition, the SO 15 program will improve the ability of community organizations to advocate for policy reform and service delivery. However, the Mission is not likely to provide direct assistance to the Ministry of Agriculture for reforms associated with forestry or protected area management as it does not have a comparative advantage in these areas.

More details regarding specific activities under the new USAID/Ethiopia Strategy that will improve the status of Ethiopia's tropical forests, biodiversity and natural resource base are presented below. In addition, recommendations are provided regarding how these activities might be designed or strengthened to further enhance conservation. Potential negative environmental impacts from SO activities and plans for mitigation are also provided. ETOA recommendations were considered and many have been reflected in the ISP for the various SOs. ETOA recommendations will be further considered as the Mission moves forward with the design, implementation and monitoring of its programs and development assistance. To the extent feasible and appropriate given the ISP goal, resources and other considerations, ETOA recommendations will be implemented.

B. Strategic Objective-Level Analysis of Actions Being Undertaken by USAID/Ethiopia to Conserve and Sustainably Manage Tropical Forests (FAA Section 118 (e)) and Biodiversity (FAA Section 119 (d))

Strategic Objective 13: Capacity to Anticipate and Manage Through Shocks Increased

SO 13 focuses on enhancing government and local crisis management capacity, strengthening integrated early warning and response systems, improving crisis management policies, and strengthening coordination mechanisms.

Planned Activities for the Conservation of Tropical Forests and Biodiversity

none

Recommendations for SO 13 Actions to Conserve Tropical Forests and Biodiversity

- Incorporate monitoring of biophysical indicators into early warning systems: it is recommended that the planned strengthening and integration of early warning and response systems include monitoring of change in biophysical indicators such as on-farm and off-farm forest cover (suggested priority indicator), soil fertility, and plant and animal biodiversity. Accurate and timely information on the status of such natural resource indicators at the local level will help to inform policies and interventions for agricultural and economic growth assistance as well as for food aid.

Potential Negative Environmental Impacts from SO13 Activities and Plans for Mitigation:

- No potential negative environmental impacts resulting from the planned SO 13 activities are foreseen.

Strategic Objective 14: Human Capacity and Social Resiliency Increased

Planned Activities for the Conservation of Tropical Forests and Biodiversity

- High Impact Family Planning Interventions: Improved access to contraceptives and enhanced services which reduce harmful traditional practices should have a positive impact on population growth in target areas of Ethiopia. In turn, a reduced population means a reduction in the need for basic resources such as timber, fuelwood, water and agricultural land. Decreasing family sizes will also reduce the need for increasing subdivision of land rights. When family plots are too small to sustain basic livelihood needs, pressures are increased to expand into previously uncultivated and marginal areas (where possible) and also to increase extraction of natural resources such as fuelwood for supplementing incomes.
- Increased Quality Primary Education: Several comparative studies have demonstrated the positive and direct impact of improved primary education on increased use of family planning and

improved prospects for economic growth. In particular, a focus on girl's education under these activities will likely contribute to a reduction in population growth and hence reduced pressures on forests and other natural resources. Provision of secondary education and targeting girls in particular also leads to the acquisition of skills that can be used for obtaining off-farm livelihoods, contributing to economic growth, and increasing the adoption of improved agricultural production and resource conservation practices. Finally, efforts to improve the quality of teaching, enhance curriculum, and provide adult education opportunities are being planned with a specific focus on environmental education as a key curriculum for target areas. This should help to educate present and future natural resource users about impending threats to forests, biodiversity and livelihoods, as well as actions that can be undertaken to halt or reverse these trends.

Recommendations for SO 14 Actions to Conserve Tropical Forests and Biodiversity

The Mission could assist HIV/AIDS vulnerable populations with improved natural resources interventions. (Refer to USAID web-based AFR/SD publication entitled "*Handbook for the Development of HIV/AIDS and Natural Resources Management Activities*" (2001) www.afr-sd.org/,, /). These activities would assist HIV/AIDS vulnerable communities to improve their access to important natural resources (e.g., fuel wood, water) and reduce the negative impacts on biodiversity and tropical forests. Two potential activities that the Mission could consider are indicated below.

- Identify both HIV/AIDS activities and natural resources management activities in an existing Geographic Information System. The GFDRE Biomass project could be used for this purpose.
-
- Develop an HIV/AIDS and natural resources activity which provides HIV/AIDS vulnerable populations with improved access to water, energy, and low labor intensive agricultural technologies.

Other recommendations include:

- Improvements made to water supplies, sanitation and hygiene at the community level should be undertaken in the context of an Integrated Water Resources Management Approach. That is, efforts should be made to overlap with planned interventions for enhanced watershed management practices under SO 16. This might include improved hillside stabilization through planting of trees, vetiver grass, and construction of soil bunds to prevent erosion, for example. Small water catchments could also be constructed with the caveat that they should be carefully planned to avoid detrimental impacts on aquatic systems and biodiversity.
- Collaborate with USG initiatives and local and international NGOs active in promoting environmental education, including the GLOBE program.

Potential Negative Environmental Impacts from SO 14 Activities and Plans for Mitigation:

Prior to implementation, all activities proposed under SO 14, "Human Capacity and Social Resiliency Increased", will be subject to an Initial Environmental Examination (IEE) according to 22 CFR 216. It is foreseen that the following specific activities will potentially have detrimental environmental impacts and will need to be designed to avert or minimize such impacts:

- Immunization programs and some HIV/AIDS treatments interventions will need to address potential for biohazards and proper disposal of hazardous waste (see WHO's "Safe Management of Wastes from Health-Care Activities", Geneva, 1999);
- Direct funding or provision of Insecticide Treated Bednets (ITN) will need to comply with the recommendations made under a Programmatic Environmental Assessment (PEA) conducted in 2002 for USAID Africa Bureau ITN programs. Specifically, this calls for the preparation of a Pesticide Evaluation Report and Safer Use Action Plan (PERSUAP) prior to ITN program implementation in Ethiopia. Ethiopia has developed such a PERSUAP in 2003.
- Water and sanitation infrastructure development will be subject to environmentally responsible design and construction as will be determined by a future IEE.

Strategic Objective 15: Capacity for Good Governance Increased

Planned Activities for the Conservation of Tropical Forests and Biodiversity

Good governance is essential for the responsible management of natural resources. Historically weak governance structures in Ethiopia have contributed to the country's continuing vulnerability to famine, disease, and environmental degradation. Planned activities under the governance strategic objective will target increased government accountability, civil society capacity building, conflict prevention and resolution, and more effective female participation in governance. Many of these planned actions will have position implications for the conservation of Ethiopia's forests and other natural resources, as explained below.

- **Improved Ability for Community Organizations to Advocate for Policy Reform and Service Delivery:** Strengthening community-based organizations ability to advocate for policies such as land tenure and use-right certification should help to improve land management by providing incentives for long-term investments in land productivity and tree planting. Community organizations could also advocate for greater community participation in land use planning decisions, which could limit encroachment into protected areas and forests.
- **NGO Legal Reform:** This effort should facilitate the legal requirements for the establishment and registration of non-governmental organizations. If successful, this could create the political space needed to establish indigenous NGOs that could focus on forest protection and conservation issues.
- **Support to Private Media:** Efforts to improve reporting on background information for policy debates could play a critical role in moving land certification forward, and informing the public about the threatened status of Ethiopia's forest, wildlife and biodiversity.
- **Local Conflict Resolution:** Because many local level conflicts are based in competition over resources—whether over land rights, or between farmers and pastoralists, for example—training to improve traditional dispute resolution mechanisms could lead to better resource management. If rights of access and use to local resources are clearly delineated in a participatory fashion, there are often fewer incentives to surreptitiously harvest timber and forest products, or for herders or farmers to encroach upon each others' lands.
- **Female Participation in Governance:** Progress in this area could lead towards improving women's rights of access to and ownership over land and other natural resources. Security of tenure and access often leads to improved investments in and management over the environment.

Recommendations for SO 15 Actions to Conserve Tropical Forests and Biodiversity

- Investments in improving reporting capacity of the media could focus on training in environmental issues. Increased awareness can often be a very effective tool leading to greater investments in environmental protection.
- Environmental education and technical assistance for improved forest, watershed and land management could target community-based organizations to instill an improved stewardship ethic.

Potential Negative Environmental Impacts from SO15 Activities and Plans for Mitigation:

- No potential negative environmental impacts resulting from the planned SO 15 activities are foreseen.

Strategic Objective 16: Market-led Economic Growth and Resiliency Increased

Planned Activities for the Conservation of Tropical Forests and Biodiversity

SO 16 will take an integrated approach to economic growth that will have specific positive environmental implications. The proposed integrated approach is much more likely to have measurable positive impacts on tropical forests and biodiversity than the more traditional approach which focuses primarily on specific protected areas. For example, farmers in the Gonder area or Northwestern Ethiopia are in desperate need of secure land tenure and access to agro-forestry technologies (technologies available within Ethiopia and other East African countries). The integrated and market-based approach to rural development proposed under SO 16 is sound and positive impacts on tropical forests and biodiversity can be expected.

Title II Activities: The Mission is supporting a number of activities under its Title II program that are contributing to the conservation of the conservation of biodiversity and tropical forests. For example,

World Vision is implementing an activity entitled Boku Catchment Area in the Amaadama Woreda (District). The objective of the activity is to conserve natural resources in the catchment area. This is being accomplished through the provision of training and the establishment of soil conservation measures (e.g., terracing, check dams, soil bunds, and tree planting). The activity has also developed a management plan for the catchment area. The plan includes the identification of land use zones.

Ongoing and new Title II programs may support a range of natural resource management and environmental protection interventions. This may include soil and water conservation, environmental rehabilitation of degraded areas, community-based micro watershed management, agro-forestry, community-based tree planting, rural water and sanitation, enclosures for rangeland and ecosystem recovery, water harvesting, micro and small-scale irrigation, integrated pest management, organic agriculture, and household and community level energy activities.

Specific planned actions associated with each SO 16 Intermediate Result (IR) that will contribute to the conservation of tropical forests and biodiversity are indicated below.

IR 1. Selected Essential Policy Reforms Implemented.

- Support for revising current land tenure systems will be geared towards achieving two objectives. The activities will promote land tenure security and increase the availability of land for small scale commercial farmers. Increased land and resource tenure security has been demonstrated to lead to improved long-term investments such as agro-forestry, tree planting, and soil fertility interventions. The second objective under land tenure reform activities will be to work towards increasing the amount of land available for commercially viable small scale farmers while enabling marginalized, wage-dependent rural laborers to diversify out of agricultural activities which no longer support them. As with the economic growth and agricultural production activities cited above, this type of land tenure reform will help to relieve pressures on forests and other natural resources by drawing people away from direct reliance on the resource base and by enabling larger farmers to enhance sustainable agricultural practices.
- Sustainable land management policies for pastoral areas. These are policies designed to improve land management of pastoral areas will contribute to the clarification of access and use rights for pastoralists. This will create the necessary environment for introducing improved production practices and rehabilitation of pastoral areas through introduction of non-grazing enclosures and other natural resource-based interventions where appropriate. The underlying intentions are to improve pastoral livelihoods as well as land rehabilitation. One proposed means for improving livelihoods is to work towards lifting the livestock export ban to the Middle East. By raising incomes and livelihoods for often marginalized pastoralists, incentives to diversify into natural resource extractive practices are reduced.

IR 2. Selected Input and Product Markets Strengthened

- Use of these more productive agricultural inputs to increasing food production, incomes, household food security and resiliency to shocks. For example, agro-forestry interventions can be used to improve soil fertility, reduce soil degradation and stop agricultural expansion into natural forests.
- Credit remains a serious problem at all levels of Ethiopia's economy. This IR will explore ways to increase access to financial services for producers, agribusinesses and small entrepreneurs. The provision of credit will enable farmers to buy agro-forestry seeds and seedlings (e.g., fruit trees, fuel wood trees). An increase in the production of trees on-farm can both reduce land degradation and increase farmer incomes.
- Increase the value and volume of selected products marketed domestically, regionally and internationally. This can be accomplished by strengthening cooperatives, agribusinesses and small enterprises having the information and competencies needed to trade. Depending on the market, some of these products could include either fruit from agro-forestry based systems or timber products.

- Urban and market town development. These activities will improve infrastructure and economic opportunities in small and intermediate towns (through increased wage labor, business development and credit). The activities will complement the economic growth and land tenure interventions listed above. Creating opportunities in urban centers will help to draw people away from a direct reliance on natural resources for their livelihoods.

IR 3. Natural Resource Management and Agricultural Productivity Improved

- Support for community-based integrated micro-watershed management. These activities will focus in particular on approaches such as preserving and increasing tree cover on hillsides with agro-forestry and reforestation and limiting soil erosion through construction of bunds, and planting of vetiver or other beneficial plants along hillside contours.
- Promotion of intensive agricultural production practices that will reduce expansion into forested and uncultivated areas. The planned interventions will include efforts to increase soil fertility, introduce higher-yielding crop varieties, increase access to improved seed, promote crop diversification, and encourage agro-forestry.
- Alleviate pressures on the natural resource base through support for private sector development. This will include the provision of rural financial services, business development services, improved market infrastructure, conditions and information services, and promotion of investment and public/private partnerships can achieve two objectives that will together relieve pressure on natural resources. The first objective is the creation of off-farm opportunities in agricultural marketing, supply and processing which can reduce population pressures on a compromised resource base. The second positive development would be enhanced incomes and productivity from existing production areas, thus potentially reducing agricultural expansion.
- Meeting basic needs of at-risk farmers and herders. This will include cash transfers, food and other input resources will be used to reduce vulnerability of cultivators and pastoralists. In particular this will include providing food for work or other rewards for activities to enhance the environment such as tree planting, erosion control infrastructure, construction of enclosures for pasture rehabilitation and soil fertility improvements. Credit and other resources can also be used to diversify and expand livelihood options such as through crop diversification, wood lots, tree nurseries and agro-forestry and beekeeping. Finally, by ensuring that basic needs are met, these actions will reduce pressures to seek short-term profits from unsustainable practices such as fuel wood and timber harvesting.
- Rehabilitate and protect natural resources through enhanced tenure and use-right security. This will be accomplished by supporting and strengthening ongoing GFDRE land certification procedures, producers will have increased incentives to invest in the productivity of their lands through planting trees and enhancing soil fertility. Such actions protect tropical forests and the environment by increasing tree cover and reducing the need for agricultural extensification. Security of tenure and use rights can also lead to improved incomes that can reduce incentives to harvest fuel wood and other natural products unsustainably.

IR 4. Livelihood Options for the Food Insecure Protected, Expanded and Diversified

- The creation of off-farm economic growth opportunities. These activities will include addressing constraints associated with agricultural processing, trade and service delivery which will help to draw populations away from rural areas and into market towns. This will decrease pressures that lead to extensification of agricultural production which often results in deforestation. Increased incomes from such activities will also lead to reductions in unsustainable harvesting of natural resources to meet emergency needs. Increased agricultural production will be promoted through technological improvements on existing cultivated lands, such as through introduction of soil fertility enhancement approaches and improved seeds. By raising production and fertility of existing lands, incentives to expand production into previously uncultivated areas are again reduced.

Recommendations for SO 16 Actions to Conserve Tropical Forests and Biodiversity

- Develop an integrated watershed management activity. The activity would be water focused and would make use of intensive agriculture, natural resources management interventions (e.g., agro-forestry, fruit trees) and small enterprise development. The activity would involve local populations in decisions and implementation activities. However, the activity would be market based and the services would be demand driven. Target watersheds would be selected based on agricultural, economic and natural forest management opportunities. Results indicators would include land use change over time (e.g., tree cover, soil erosion) as well as changes in farmer income and agricultural productivity.
- A monitoring system is needed to monitor the tangible impacts of any policy changes associated with land tenure. The hypothesis regarding Ethiopia's land certification program is that resource users will manage their natural resources sustainably if their land and tree tenure is secure. For example, many farmers are presently only planting indigenous trees and fruit trees in their homesteads. They do not invest in tree planting beyond their homesteads on land that has less secure tenure. USAID could monitor the impact of the land certification program by monitoring changes in land use patterns—at the farmer level. Once resource users have secure land and tree tenure, they may invest more in soil conservation practices: agro-forestry (e.g., fruit trees, nitrogen fixating trees), soil terraces and soil bunds.
- Participatory Land Use Planning: involving local populations in decisions about land use planning can result in generally accepted and respected limits for agricultural and pastoral production, as well as determining limits and management practices for forests, conservation areas, water points, etc.
- Promotion of Renewable Energy: Ethiopians reliance on fuelwood, crop residues and animal dung for basic energy production such as household cooking and heating has severe consequences for the country's tropical forests and biodiversity. Forests are being harvested at an unsustainable rate, thus encroaching on critical habitats for flora and fauna biodiversity. Burning of crop residues and animal dung has severe consequences for soil fertility by reducing the return of valuable nutrients to the soil. It is recommended that USAID/Ethiopia consider investments in renewable and/or non-organic energy technologies as part of their SO16 interventions. Promotion and funding for propane gas cooking stoves and village woodlots are two approaches that are recommended. Also small-scale biomass, solar-powered generators, and geothermal energy sources can improve livelihoods by providing power for schools, health centers and agricultural processing technologies.
- Support for conservation of land races through assistance for community-based agricultural germ plasm and investment in seed banks. This could be accomplished through support for existing institutions such as the Ethiopian Institute for Biodiversity Conservation and Development, CGIAR centers and/or the Ethiopian Agricultural Research Organization (EARO).
- Market Development of Eco-Certified Products: training for sustainable cultivation, harvesting and processing of a variety of products including shade-grown or organic coffee, honey, traditional medicines and even possibly timber could be considered as part of this economic growth strategic objective. Certification standards exist and could be tapped into for many of these products, as well as for organic produce.

Potential Negative Environmental Impacts from SO16 Activities and Plans for Mitigation:

- Development of market infrastructure: there is the potential for investment in farm to market roads, bridges, warehouses and possibly livestock holding facilities under SO 16. Such interventions could potentially have detrimental impacts on tropical forests, biodiversity and the environment if not carefully planned. If such activities do go forward they will be subject to USAID's statutory requirements under Regulation 216 of the U.S. Foreign Assistance Act requiring environmental impact assessments (IEEs and possibly EAs).
- Support development of new and expanded markets: again, such activities would be subject to USAID initial environmental examinations (IEEs) to determine potential environmental impacts and the need for full environmental assessments and/or mitigating actions. These review procedures will ensure that precautions are taken to prevent and/or limit potential damage to tropical forests, biodiversity, and the general natural environment.

- Intensification of horticultural and agricultural water management: such activities would involve construction of irrigation and other water management infrastructure. Unless proper attention is paid to environmental considerations, such activities could lead to soil salinity and possible disruption of habitats. Such negative effects would be avoided through the Regulation 216 environmental compliance procedures.

PSO 17: Knowledge Management Coordinated and Institutionalized

No potential negative environmental impacts resulting from the planned SO 15 activities are foreseen.

Background

Gender Profile in Ethiopia

Female population (% of total) -49.8%
 Female Headed Households (%) -26.0% (Rural -23.0% Urban 41.0%)
 Adult literacy rate (1997): Males – 45.5%, Females – 31.3%
 Gross primary school enrollment rate (2001/2): Total: 61.6%
 Males – 71.7%; Females - 51.2%
 Gross secondary school enrollment rate (2001/2):
 Males – 14.8 %; Females – 10.9%
 Gross tertiary enrollment rate (2001):
 Males 1.3%; Females 0.5%
 Youth Illiteracy Rate (% of people aged 15-24):
 Male -17.3%; Female – 26.7%
 Fertility Rate (births per woman): 5.2
 Maternal Mortality Rates (per 100,000 live births): 871
 FGC/FGM prevalence – 83 % of women.
 Prevalence of HIV/AIDS: 55% of infected adults are women.

Gender can be defined as socially constructed roles, learned behaviors, and expectations associated with being female or male. These roles and relationships evolve out of interactions among biological, technological, economic, and societal norms (WB, 2000). Several gender-based inequalities and discriminations negatively affect women's lives in Ethiopia. Harmful Traditional Practices such as early marriage, marriage by abduction, Female Genital Cutting and others are serious problems that affect the wellbeing of girls and women. Violence against women (including domestic violence) is a culturally accepted phenomenon that affects women's physical and emotional conditions and increases their vulnerability to HIV/AIDS. The law enforcement agencies pay little attention to all forms of violence against women including sexual offences. While the Ethiopian Constitution of 1994 provides significant protection for women and emphasizes the equality in law for all citizens, the existing legal codes do not fully reflect this. The number of Ethiopian women who are trafficked and subjected to the associated violence and other forms of exploitation is on the rise.

The Ethiopian Government endorsed the National Policy on Women in 1993 and created an institutional mechanism by establishing a Women's Affairs Office at the Prime Minister's Office to oversee the implementation of the policy at the national level. Moreover, women's affairs departments within line ministries and women's affairs bureaus within regional states were created to ensure gender integration into policy development and program planning. The 1994 Constitution has provisions that establish women's equality with men. However, the implementation of these provisions, other policy changes and legal reforms require concerted and better-coordinated efforts on the part of the GFDRE and donor agencies. USAID/Ethiopia recognizes the need to address gender issues in all its programs.

Gender Differentiated Impacts of Shocks

Women and men are poor and vulnerable for different reasons, experience vulnerability differently and have different coping capacities and respond to shocks differently. As studies have shown, the gender-based inequalities in accessing resources and gender power relations interact with other inequalities, and produce these differences.¹ These differences in vulnerability are strongly influenced by differences in asset ownership, access to social services, and decision making power at both household and communities level. Gender inequalities are embedded within households and among kin, in the labor market and informal economic relations, and across community and wider networks.

Evidence from rural Ethiopia indicates that women in poor rural households absorb the impact of adverse agricultural shocks disproportionately (Body Mass Index taken as indicator).² Furthermore, the study

¹ Whitehead Ann: Failing Women, sustaining poverty: Gender in Poverty Reduction Strategy Papers. May 2003.

² Dercorn, Stefan, and P.Krshinana. 2000. "In Sickness and in Health: Risk Sharing within Households in Rural Ethiopia." *Journal of Political Economy* 108 (4) :25-53. Cited in : Ezemenari, K. (et.al.): Gender and Risk in Design of Social Protection Interventions. WB Discussion Paper Series No. 0231.

noted that the most significant factor that influences women's health is overall household wealth or the lack thereof. A study conducted in three countries (Ethiopia, Bangladesh and Indonesia) on the impact of the interactions among gender roles, social norms, and differences in quality and control of assets between men and women indicated that the larger amount of assets under the control of women tends to increase the share of household expenditures on children's education.

Gender roles and societal norms shape an individual's capacity to manage risks. Programs designed to reduce vulnerability and increase resiliency need to pay close attention to the gender dynamics and how they influence program effectiveness in reducing vulnerability. The effectiveness, coverage and impact of safety net programs can be affected by how much attention has been paid to gender issues in designing these programs. One critical element here is how to target effectively in reaching the intended beneficiaries.³ For example, one needs to look into the situation of the polygamous families differently while targeting households as beneficiaries. According to DHS 2000, about 15 % of married women in rural areas and 7% in urban areas live in polygamous families.

Recent experiences show that investments made to strengthen women's position within these social units and empower women as decision-makers have reduced inequality and improved wellbeing.⁴ Gender specific protective measures are needed to reduce vulnerability during persistent crises in agricultural production, declines in landholding, pervasive or seasonal unemployment, or old age. Women find it harder than men to overcome these changes since they have less access to employment in alternative labor markets or to credit and support networks outside the family and community. Women who are employed informally are also vulnerable as they have fewer social connections that support them in time of difficulties.

Safety net programs can be effective in helping families, individuals, and communities respond to shocks, if designed with greater gender sensitivity. Appropriate targeting has important efficiency and equity advantages by directing resources toward the poorest households, often headed by women. Experience has shown that targeting households may not be sufficient to reach the most vulnerable groups such as women, children, and the aged. Intra-household decision-making inequalities need to be taken into account in planning resource transfer. Similarly, attention must be paid so that well intentioned productive safety net programs do not end up exacerbating the existing gender inequalities. In some instances, well intentioned safety net programs, such as labor intensive public works that build productive infrastructure could increase women's time burden or exclude women where family status and patriarchal norms limit their participation in public activities. Experience from other countries has shown that innovative insurance scheme can provide protection to women engaged in the informal sector.

Recommendations for promoting gender sensitive productive safety nets programs.

- Target effectively and efficiently to reach intended beneficiaries.
- Expand targeting beyond the household to reach the individuals as social norms and power relations might prevent them from benefiting from safety net programs.
- Recognize that the gender of the recipient matters when it comes to benefiting children's well-being.
- Target women and children in polygamous unions as beneficiaries of safety net programs.
- Promote public works programs to ensure the provision of potable water to the community.
- Enhance the capacity for collecting sex disaggregated data of people in need of assistance.
- Enhance local capacity to respond to the needs of female headed households in designing safety net programs.
- Strengthen women's social networks to respond to shocks.
- Use food aid creatively to reduce women's and girls' time and labor needed for household chore, for example, establishing low-cost community childcare centers in rural areas. This has multiple benefits as it can contribute to enhance children nutrition and health status, as well as improve girls' participation and performance in school.

Access to Productive Resources

Ownership and control over basic assets – land, water, capital, knowledge and technologies increase people's ability to influence their decisions affecting their lives and wellbeing. It also increases

³ Ezemenari, K(et) 2002. Ibid.

⁴ Adato, M and S. Feldman: Safety Nets, 2001.

individuals' and communities' abilities to manage the changing conditions such as environmental degradation and agricultural shocks. Women's lack of access to land has negative implications on overall poverty reduction efforts, as one expert put it "...denial of access to land to women is highly inefficient, as well as unjust and anti-poor..."⁵ Improving women's ownership of land and property has been recognized as one way of tackling poverty and destitution in rural areas⁶.

In Ethiopia, according to the 1975 Land Proclamation, which declared rural lands to be public property of the Ethiopian people, any person (male or female) who is willing to personally cultivate land shall be allotted rural land. Similarly, the 1997 Land Proclamation does not make discrimination by gender. Even though some women benefited (with regional variation) from these measures (national and regional), studies, however, indicated that women, especially female headed households (23% of Ethiopian rural households are led by women, DHS 2000) remained disadvantaged in regard to accessing and using land.⁷ Female headed households in Northern Ethiopia, for example, have smaller farm sizes and do not benefit from agricultural extension services.

Several factors influence women's ability to have access to land. Even in areas where women traditionally have rights to inherit land and other properties, their positions are eroded as a result of other crucial socio-cultural norms that govern their lives. In northern Ethiopia, where plough cultivation is widely practiced, there is a distinct gender-based division of labor in agricultural production. Assisted by oxen, men do the plowing job while women do other agricultural tasks such as land preparation, weeding and other tasks. Traditionally, it is this plowing task that legitimizes one's trade as a farmer. Social norms in these areas prohibit women from plowing. In most communities in Amhara Region the word "farmer" means someone who can be engaged in the activities of plowing and sowing⁸. These norms have adverse implications in the allocation of resources for women in time of divorce and widowhood.

Women, however, are the major source of agricultural labor in Ethiopia. A study in two woredas in Oromia and Amhara regional states indicated that women do 90 percent of earth preparation, 2 percent of plowing and sowing, 88 percent of weeding, 90 percent of manuring, 54 percent of cutting, 23 percent of threshing, 79 percent of collecting harvest, 52% of transporting harvest to store and 63% of storing grain.⁹ This again has regional variation, for example married women in Wollaita are not expected to participate in crop cultivation, while unmarried women, divorcees and widows have higher rates of participation in agricultural work. In Western Ethiopia, where hoe-based shifting cultivation prevails, men and women share agricultural labor equally; women do all farm work except sowing.¹⁰ Even though women take a great part in all agricultural activities, they are excluded from accessing household grain storage. Men allocate the grain for household consumption.

Likewise, in areas where the study was conducted, the average number of cattle owned by female headed households is less in comparison to male headed households. In South Wollo, for example, 91.7 percent of the female headed households had no oxen at all, while only 26.7 percent of male headed households were found in this situation.¹¹ There are several reasons why female headed households' ownership of livestock is less in comparison to male headed households. One of the reasons is said to

⁵ Lipton, Michael: Escaping Poverty: The Poor's Productive Resource Needs: A Key Note Address at IFPRI's 2020 Vision Conference. Bonn, Germany, 2001.

⁶ United Nations Resolution 56/129, 2001.

⁷ Adal, Y. : Land Redistribution and Female Headed Households: A Study in Two Rural Communities in Northwest Ethiopia.

Also see Ethiopian Economic Association: Land Tenure and Agricultural Development in Ethiopia. 2002.

⁸ Frank, E.: 1999. Gender, Agriculture Development and Food Security in Amhara Ethiopia: The Contested Identity of Women Farmers in Ethiopia. Paper prepared for USAID/Ethiopia.

See also Tiruneh, A. (et al) 2001. Gender Differentials in Agricultural Production and Decision-Making Among Small Holders in Ada, Lume, and Bimbichu Woredas of the Central Highlands of Ethiopia.

Wudnesh Hailu.: 1999. "Who is a Farmer?" in EARO. Institutionalizing Gender Planning in Agricultural Technology Generation and Transfer Processes. National Workshop Proceedings. Addis Ababa. Ethiopia.

⁹ Poluha Eva: A Study in Two Ethiopian Woredas on the Economic Activities of Peasant Women and Their Role in Rural Development. 1980.

¹⁰ Rahmeto, D. 1988. "Peasant Survival Strategies" in: A. Penrose (ed), Beyond the Famine: An Examination of the Issues Behind Famine in Ethiopia.

¹¹ Ali Hassan.: 2000. Female Headed Household Vulnerability and their Participation in EGS: A Case Study of two PAs in Mekdela, South Wollo". MA thesis.

be that women bring into marriage less asset during the formation of family and they take away very little of the households resources when they divorce.¹²

Access to land and oxen are not the only constraints rural women face in Ethiopia. Studies have shown that female farmers are marginalized and receive very little of the extension services and dissemination of new technologies. It was noted that the extension service is male oriented and women with or without land do not often participate in the extension training programs. There are only few female agricultural development agents. In some areas, it is culturally inappropriate for a man outside of the household to talk to a woman alone and this makes women inaccessible for male extension workers.

Lack of male labor is another major constraining factor that exposes female headed households to poverty and destitution¹³. Women heads of households in northern Ethiopia use share-cropping arrangement where they provide the plot (with or without oxen) and a male farmer agrees to plow the land and keeps 50 percent of the grain produced. This is not always the best arrangement, as the social norms and male attitudes govern these arrangements. It was noted that male share-croppers use intimidation and other forms of violence to exploit and get the most out of the arrangements. As women have little say in the community decision making, and because of the gender-biased attitude of local officials, women who brought their cases to the peasant associations received little attention. In a study conducted in Amhara regions showed that 19 percent of women's plots did not produce any crops due to many reasons, while only about 7 % of men reported such failure. Female headed households with no male labor are found to be one of the most destitute groups in the study conducted in northern Ethiopia.

For the reasons mentioned, women can not afford to rely on grain cultivation alone. They diversify their livelihoods and income generating activities as their coping mechanism and survival strategy. Food processing, handicrafts, petty trading and other informal and formal activities are the means by which women support their families. Some migrate to urban areas and get engaged in other formal and informal activities. Women's economic empowerment has been recognized as one of the effective poverty reduction interventions. In recognition for the need to promote gender equitable approach to agricultural development, USAID/Ethiopia funded a five year program known as "Ethiopian Management of Participatory Opportunities for Women in Extension and Research (EMPOWER)". The program's main objective was focused on the introduction of appropriate technologies and innovations to enhance food security at the household level and capacity at the institutional level. An external evaluation report indicated that the program was instrumental in enhancing women's economic empowerment, which in turned gained them recognition as equal partners with men in farming activities in program areas. It was also observed that women's role as farmers was recognized and their participation in community decision making enhanced.

One of the major strengths of this program was that its targeting strategy, where multiple interventions were used involving both men and women. For example, the ONFARM component, which was a technology transfer model empowered local farmers through participating in the technology introduction, adaptation, adoption, and diffusion process. A large number of new crop varieties and technologies were introduced in the project sites and tested, adapted and incorporated into the farming practices of targeted male and female farmers.

Some of the lessons learned from EMPOWER include:

- Use of micro-credit gave women access to productive resources that helped them increase their income by engaging in more productive economic activities.
- EMPOWER's participatory approach to seed testing and appropriate technology has found ways to involve both women and men in farm decisions in areas where previous only men were the decision-makers.
- The use of gender sensitive technical training and gender awareness training has enhanced the recognition of women as farmers both the community and woreda levels and has led to women being accepted as equal partners in household, community and local government decision-making.
- Gender sensitizing of local officials and professionals created greater awareness about the important role women play in development activities.

¹² Fafchamps, M and A. Quisumbing. 2000. "Assets at Marriage in Rural Ethiopia." Paper presented at a workshop organized by IFPRI, AAU, ILRI in 2000.

- Organizing women around their economic interests, for example, in savings and credit associations, increased women's ability to voice their concerns about issues that affect their lives. Moreover, women's access to health services such as reproductive and health and family planning, as well as education on HIV/AIDS has increased.

Recommendations

- Women's rights to land could be addressed if women had independent title in their own names.
- Make co-registration of holdings (both husbands and wife) compulsory.
- Strengthen rural institution for protecting women's rights.
- Create mechanisms to ensure that female headed households (in particular those who are male labor poor) are targeted for receiving the needed productive resources such as labor and rural finances.
- Promote and strengthen women's institutions and institutions that support the empowerment of women in rural areas to ensure the protection of their interests.
- Target women in providing BDS (marketing, business management, enterprise development, etc.). Unless specifically target women – they might be forgotten.
- Support research, extension and training of affordable agricultural technologies for women farmers (time and labor saving technologies).
- Support the recruitment of more female extension workers.
- Increase rural women's access to extension services.
- Strengthen agricultural technology transfer systems (production, resource management, post-harvest handling, storage and processing (including grinding mills)).
- Sensitize the community about the harmful social norms that prevent women from having access to land.
- Support the establishment and strengthening of women's saving and credit associations in rural areas.
- Promote the establishment and strengthening of women only coops and encourage women's participation in male dominated coops.
- Support the development of new and expanded markets for women producers (individuals and coops).
- Ensure that women have access to market information.
- Support women's enterprise promotion centers.
- Strengthen women's entrepreneurs associations.
- Support the strengthening the capacity of local institutions (PAs and Kebeles) to protect women's economic interests (land and share cropping arrangement disputes etc) – (asset protection).
- Support pastoral women's activities in milk production, processing and marketing.
- Target pastoral women for training and other livestock related activities.
- Support research on gender issues in pastoralist communities.
- Strengthen indigenous labor sharing arrangements such as debo, gisso, wonfel etc (through food or cash for work) to support households with no male labor (FHH and the elderly).
- Strengthen social institutions in both agricultural and pastoralist communities
- Support the establishment of rural women's savings and credit associations.
- Support the diversification and scaling up of women's livelihood options for example: vegetable gardening, poultry farming, sheep/goat fattening, food processing, preservation, and marketing.
- Support social mobilization efforts to bring about change in attitudes and traditional beliefs among the rural communities. This can address issues of "dependency syndrome" and helplessness during crisis and empower communities to be in charge of their situations. Similarly, the social mobilization efforts can influence communities to reduce the number of religious holidays on which farmer don't work. Promote attitudinal change to value artisan activities, for example weaving, tanning, pottery and black smith (all of which are traditionally looked down). Encouraging them to be engaged in these activities could be another way of diversification of income generating activities for the poor. On the other hand, this might help enhance adoption and dissemination of innovative farm tools and other appropriate technologies.
- Strengthen women's participation and decision making in water management.
- Support "small scale" irrigation and water harvesting for women's vegetable gardening.
- Collect and analyze sex disaggregated and gender sensitive data to inform decision making.
- Conduct actionable and participatory research on specific gender-related knowledge gaps crucial to agriculture and rural development and growth.

Women in Micro-enterprise Development

Millions of people in developing countries depend on micro-enterprises for supporting their livelihoods. These are small formally and informally organized business activities outside of crop production (many farmers operate micro-enterprise to complement their farming and/or during the off-season). Some micro-enterprises employ a few people, while many of them use unpaid family labor. Another defining characteristic of a micro-enterprise is the low level of capital invested in the business operation. A large number of poor women are engaged in informal micro-enterprise activities and often these activities are the sole sources of income for women and their families. In fact, in the last 15 years, the informal sector has been the fastest growing source of employment for African women.¹⁴ This is a reflection of women's lack of access to other employment opportunities due to their low level of education and their lack of access to other productive resources.

The 1997 report of the Central Statistical Authority indicated that women operate about 65% of the micro-enterprises and 26 percent of small scale manufacturing enterprises in the country. However, several constraints affect women's entrepreneurs from growing and reaching their potential. According to a study by ILO¹⁵, some of the factors that limit women's enterprises are financial and non-financial resources, management capacity, and limited networking. It was noted that about 59 percent of women entrepreneurs were illiterate.

In Ethiopia, the development of micro-finance institutions has a rapidly growing trend and they reached approximately 510,000 clients in 2002, which is only 10% of the potential demand for microfinance in rural Ethiopia (estimated need between 4.2 and 5.5 million households)¹⁶. Although microfinance institutions claim that 41 % of their clients on average are women, women's access to credit needs further study. One needs to examine the power relations in decision making to see whether women are true beneficiaries of the microfinance services. Some studies noted that female headed households are not beneficiaries of micro-finance services as they don't have good plots and lack other properties. Studies further indicated that well to do male heads of households use their wives names to access micro-credit.

Recommendations

- Strengthen the capacity of the micro-financing institutions in providing more credit to women.
- Enhance market access to women's business and develop Business Development Services (BDS) and build their capacities to serve a wide range of women owned businesses.
- Support the creation of an enabling environment for women's self-employment in the informal sector.
- Support women's membership in mainstream trade associations such as the chambers of commerce.
- Support the strengthening of the network of women entrepreneurs.

Gender Issues in Pastoral Communities¹⁷

Men have full ownership and control over livestock, the main factor of production in pastoralism. They allocate milking animals to women to provide the subsistence base for each matri-focal unit, of which there may be more than one per household. Within the confines of the family, women express their views about disposal of livestock and other economic assets. Women may receive gifts of animals from fathers or brothers, but men manage the animals as part of the family herd.

In many pastoralist communities a woman's economic status depends on her relationship with livestock-owning men. A woman without such a relationship is very vulnerable. Among the Afar, Somali and Borana, a widow is customarily inherited by her brother in-law. However, if a poor man is unable to take in a widow with many children, he is not obliged to inherit the woman, and provide her and her children with the needed support.

¹⁴ UNECA paper: "Evaluation Report on Women and Poverty, November 1999.

¹⁵ ILO. 2003. Ethiopian Women Entrepreneurs: Going for Growth.

¹⁶ Swedish International Development Agency: Short Study on Microfinance. 2000.

¹⁷ For detailed analysis on gender issues in pastoralist communities see Waters-Bayer.

There is a distinct gendered division of labor between men and women in pastoralist societies. Men are responsible for herding and watering the large stock, acquiring and disposing of animals, representing the household, and defending the household and community. The physical workloads of pastoral women are usually far greater than those of pastoral men¹⁸ (women's workload see footnote). Women do much of the work related to livestock, whereas the men have the final decision about when to sell or slaughter the animals. Women are responsible for providing water for the family and for young animals, whereas men exercise control over the water points. Women supervise the activities of girls living with them, whereas men have overall control of the labor available within the household. Generally women sell milk products and control the proceeds, whereas men-as a rule- control the proceeds from animal sales. The extent of women control earnings from small stock may differ between communities.

Polygamy is a way of life in pastoralist societies, and traditionally it is believed that having several wives allows for effective division of labor between farming, herding small stock and herding large stock. Wives remain behind to protect family property when the men migrate with the cattle and camels. Having a large family is also regarded as a symbol of wealth in many pastoralist communities. Polygamous union is regarded as a coping mechanism as these households also provide a wider social network which serves as a buffer during hard times.¹⁹

Studies²⁰, however, have indicated that many pastoral women have a somewhat different viewpoint on the situation and on the role they would like to have in society. In a recent survey, the main problem identified by Afar women was that they do not own livestock themselves, although they may have access to products of livestock owned by men. A group of Somali women in Hayiyere, a small settlement around a water-point east of Gashamo, even expressed their first priority for training to be able to organize themselves so as to have their decisions recognized as women decisions (Yohannes & Waters-Bayer, 2002).

The economic and social situation of widows is especially a concern. Studies conducted in Arsi Oromo pastoralists revealed that most widows are among the poorest members of pastoral society and their households are more vulnerable to food security than are poor male-headed households. Generally, a widow is inherited by her brother-in-law or other male relative. This custom gives her access to labor for plowing, harvesting, managing camels etc. through men. The system breaks down, however, when the communities come under stress. If the deceased's relatives are struggling to meet their own families' needs, they are reluctant to take on an added burden. If a woman remains a widow, by default, she is poor and without access to critical productive resources.

Cultural attitudes about women's role and the custom of early marriage, the participation rate of pastoral girls in formal education is very low and the few girls who do attend school rarely go beyond the fourth grade. Girls and women's health is also affected by other harmful cultural practices such as Female Genital Cutting. Pastoralist women's health is affected by various factors related to harmful traditional practices and their lack of access to basic health services. One indicator for women's low health conditions is evidenced in their short life expectancy. At the national level, women have longer life expectancy than men, except in Afar, Somali and Harari regions. In these three regions women have shorter life expectancy than men by 6.1 years in Afar, 3.3 years in Somali and 0.9 years shorter in Harari.

Recommendations

- Support partnership and involvement of community and religious leaders to raise public awareness and promote attitudinal change on the status of pastoralist women.
- Support studies on harmful traditional practices that affect men and women in pastoralist communities.
- Target pastoralist women for training, safety net and income generating programs.
- Promote non-formal education to enhance girls participation in education.

¹⁸ Women's work include: building huts/enclosures, cleaning the huts and surroundings, preparing and serving food and drink, child care, collecting water and firewood, grinding grain, gathering wild foods, caring for young animals, helping water livestock, removing ticks from livestock, managing pack animals, herding small stock, milking goats and cattle, processing milk, selling milk products, selling small stocks, making and selling mats and other handicrafts, petty trade and other forms of small enterprise.

¹⁹ Waters-Bayer, Ann.Ibid.

²⁰ Waters-Bayer, Ann: Local-level socio-institutional issues and capacity building in pastoral community development. 2003 (unpublished).

- Enhance the use of educational radio to promote attitudinal and behavioral change among pastoralist communities and promote gender equality.
- Support the development and promotion of extension packages that benefit rural communities include the promotion of women's time and labor saving technologies.

Access to Basic Social Services

Education

Although remarkable achievements have occurred in the last few years, the Ethiopian education system is still far below the sub-Saharan Africa standard. In the academic year 2001/2002, the primary school gross enrollment rate stood at 61.6%, and the disaggregation of this indicator by gender revealed that girls were the most disadvantaged. The gender gap in primary schools increased from 9.9 percentage points in 1994 to 20.5 percentage points in 2001/2002 in favor of boys (with the exception of Tigray region where the gender gap was reduced from 11 percentage points to 3.1 percentage points during the same period). In secondary schools the gross enrollment rates for girls and boys were 10.9% and 14.8% respectively in the academic year 2000/2001. Moreover, the repetition and dropout rates for girls at the secondary school level far exceeded that of boys.

In Ethiopia, girls' enrollment in school and their academic performance are greatly affected by economic and socio-cultural factors. Studies indicate that the majority of rural families, who have very limited resources, frequently choose to send their boys to school, but see no advantage to educating girls. Girls are encouraged to get married and establish families at a very early age. In fact, early marriage and abduction for marriage (forced marriage) are major socio-cultural realities that curtail girls' education. Although the legal age of marriage in Ethiopia has increased from 15 to 18 (Ethiopian Federal Family Law 2000), the majority of girls in Amhara and Tigray were married before the age of 15, and more than 30% before they were 10 years old.²¹ Early marriage is a serious problem that affects girls' education, and other aspects of girls' lives such as health (early pregnancy related complications). In a recent study²² conducted in Amhara and Oromia indicated the seriousness of these problems. In Amhara region, both parents and female school dropouts ranked early marriage, pregnancy, and home or parental services as the three highest cultural practices that influence girls' dropout from school. In Oromia, pregnancy, sexual harassment, and risk of abduction were listed as the most common reasons for female dropout.

When examining the parental background of the female dropouts, interestingly, the study reveals how girls' family background, parental level of education interwoven with cultural practices influence girls' education. For example in Amhara region the majority of the dropouts come from poor female headed household. In rural areas girls are responsible for household chores and caring for their younger siblings, leaving little time for homework and studying. As a result, their school performance suffers, and the girls end up either repeating grades or dropping out of school. Domestic work such as fetching wood and water, cooking and caring for siblings are the most important time consuming activities for girls in both Amhara and Oromia states, according to the study.

The Ethiopian Education and Training Policy of 1994 recognizes the need to give special attention to girls' education and that the government will put efforts to close the gender gap by 2015 (Ethiopian Millennium Development Goal). USAID/Ethiopia's education program has been supporting government efforts for enhancing girls' participation in education and significant results achieved in the two regional states (Tigray and Southern Nations, Nationalities and Peoples State/SNNPR) were encouraging. Enrollment rate for girls in Tigray reached 76% in FY 2002 up from 50.9% in the baseline year (FY 1995), and in the SNNPR it rose to 38% from 17.4% in the baseline year. The reduction in gender gap was particularly remarkable in Tigray: the gap was reduced from 11 percentage points in 1994/95 to 3.1 percentage points in 2001/02. These efforts need to be strengthened, if closing the gender gap in education is to be materialized by 2015.

Recommendations

²¹ NCTPE. 2003. Old Beyond Imaginings: Ethiopia Harmful Traditional Practices.

²² Teshome Nekatibeb: Low participation of Female Students in Primary Education: A Case Study of Dropouts from the Amhara and Oromia Regions in Ethiopia.2002.

- Promote social mobilization campaigns: Continued community sensitization campaigns can be effective in changing cultural and social attitudes towards girls education. Partnering with community and religious leaders could be an effective approach to raise public awareness about the benefits of girls' education to the communities.
- Create an enabling school environment: Improving both the physical and attitudinal school environments could be a good investment in the long run. Applying school policies that protect the rights and well-beings of girls and female teachers are the necessary building blocks for improving the learning environment. Recruiting more female teachers and leaders can have significant impact in building girls' and parents' confidence in education.
- Provide economic and material incentives: Establishing mechanisms to use resources to compensate for girls labor and time has shown success in enhancing girls' enrollment in some countries. The provision of financial support to poor families for example female headed households to cover school expenses can have immediate return in solving some of the barriers to girls education.
- Create synergy among development efforts: The problems to girls education are many and there is need to address the problems in a synergistic manner. For example, early marriage is one of the root causes to low girls participation in education, health (fistula), migration (due to divorce), and enhanced fertility (population growth). Pooling resources together to address key gender problems can have multiplier effects on the well-being of girls and women and the society.
- Use adult literacy as a vehicle for raising public awareness: The education level of a parent is one of the factors that determine whether a girl should attend school and for how long. Adult literacy programs can be effective raising rural population's awareness about the benefits of education. Relevant development issues can be incorporated into the materials of the adult education.
- Promote alternative basic education (ABE): Use alternative basic education to enhance the education of disadvantaged children, particularly girls.
- Create mechanism to address social issues: Integrate HIV/AIDS, family planning, reproductive health and other socially relevant issues into the school system through curriculum and establishment of school clubs.

Gender, Reproductive Health and Population

Compared to many sub-Sahara African countries, Ethiopia exhibits one of the highest proportions of women dying from complications of pregnancy, childbirth or unsafe abortion. One in 7 women in Ethiopia is at risk of dying of maternal mortality. An estimated 26 % of women receive antenatal care from a trained health care provider, while only 7% receive post-natal care. According to DHS 2000, 15% of married women in rural and 7% in urban areas are in polygamous marriages. This has implications on women's vulnerability to HIV/AIDS and other STDs. Women's access to health care services is even more constrained in rural areas. Ethiopia's high mortality rate also stems in part from the practices of harmful traditional practices such as early marriage and female genital cutting.

The national contraceptive prevalence is only 8% with geographical variation for example, 28% in Addis Ababa and only 3% in rural areas. Although the country's population policy was adopted in 1993, Penal Code reform to repeal the prohibition of advertisement of contraceptives did not take place until 1998.

Rural women's poor health condition is a manifestation of their level of poverty and vulnerability to destitution. A study conducted in selected districts in SNNPR²³, for example, shows that the majority of rural women in the study areas, (94.5%) are illiterate, 28% of them live in polygamous union, majority of them (89.3%) require husband's permission to visit health facility, over 70% of the married women have no right to sell farm products for their cash needs. Harmful Traditional Practices such as FGC, early marriage and abduction are serious health hazards to women. Early pregnancy (under the age of 16) follows early marriage. The only hospital that treats fistula is located in Addis Ababa, and it performs 1000 operations a year. It is estimated that 10 times as many young women need the procedure, but lack access.²⁴

²³ Yemane Berhane: Women's Health and Reproductive Outcome in Rural Ethiopia (2000), Umea University, Sweden. Cited in Shadow Report, Ethiopia. 2003.

²⁴ NGO Shadow Report Prepared for the CEDAW committee, 2003

According to the Ethiopian Government's Health Sector Development Program (HSDP) the improved health system will provide a comprehensive Maternal and Child Health Package. Overall the HSDP aims to increase contraceptive prevalence from 8% in 1997 to 40% in 2017. Similarly the country's Millennium Development Goals (MDG) aim to reduce maternal mortality ratio by three-fourth by 2015 from 871 out of 100,000 in 1990. According to the MDG, under five mortality rate (193 per 1000 in 1990) will be reduced by two-thirds by 2015.

Results of USAID/Ethiopia's programs in reproductive health and family planning (increased use of contraceptive) are promising. A comparative assessment²⁵ shows that 19% of married women in USAID funded areas in Addis Ababa, Amhara, Oromiya, SNNPR, and Tigray use contraceptive while the use of contraceptive by married women shows only 8.1% (DHS 2000) in the whole areas in these regions. Similarly, there is a decline in the practice of Female Genital Cutting (FGC) in USAID/Ethiopia project areas from about 86% pre-project situation to 70% after project implementation.²⁶

USAID/Ethiopia EMPOWER program has also provided a good example, where women's savings and credit associations were established. The local health offices used the associations to provide reproductive health and family planning services to women. The economic empowerment of women has been recognized as an effective entry point to bring in health services to women.

Recommendations

- Support women's empowerment and participation as a prerequisite for successful reproductive health programs.
- Involve women in the designing and implementation of reproductive health programs.
- Enhance the involvement of men in reproductive and family planning programs.
- Continue supporting innovative programs that work toward the elimination of harmful traditional practices that affect girls and women's health.
- Support the enhancement of girls and young women's access to reproductive health and family planning services.
- Support education, advocacy, and enhanced male participation to prevent gender based violence.
- Promote cross-sectoral (income generating, savings & credit associations, adult literacy, etc.) to promote reproductive health and family planning programs.
- Use women's rights approach to enhance women's access to reproductive health and family planning services.

Gender and Good Governance

Women's Empowerment in Decision Making

There is a growing recognition that sustainable development starts from the perspective of men and women as citizens with rights and opportunities for participation in the decision-making process of their society – from the household and community to the market place, the workplace, and in all levels of public offices. However, due to various socio-cultural attitudes, discriminatory laws and practices women are constrained from playing a role in shaping the policies that affect their lives. Many women's limited level of education and lack of knowledge and understanding of their rights, and knowledge on how to participate in complex economic and political processes prevent them from taking part in developments of the public arenas.

In Ethiopia (2000 elections), women have 7.6 % (42 out of 547) representation at the House of People's Representatives, 12.9 % (244 out of 1891) at the regional level, 6.9% (4,687 out of 70,430), at the lowest administrative kebele level, they hold 13.9 % (129,116 out of 928,288) of the seats. Women's low representation at the woreda level is of great concern, as much of the government decision-making power is being devolved to the woredas. Women's views and needs need to be represented at this level as this will have implications on budgetary decision-making and establishing equitable service delivery mechanisms.

²⁵ Contraceptive Prevalence Survey: USAID Funded Project Areas of Ethiopia, 2003. FHI draft report.

²⁶ Community Based IEC Efforts Bringing a Reduction in the Practice of Female Genital Mutilation: A case study in three *kebeles* around *Shashemene*, Ethiopia), September 2003 (draft).

Similarly, women are underrepresented in the judiciary. Although national data are not available on the number of women judges, recent data collected in a few regions show the gender disparity in the profession. About 26 % of the judges of the federal courts of the Addis Ababa City Government, 22% in Amhara Regional State courts, 3% of the Gambella regional state government courts are women. Although increasing the number of women officials may not automatically lead to the full protection of women's rights, it is one of the ingredients to make the legal system responsive to needs of women.

Gender-responsive budgets are an innovative new tool that empowers women's organizations and civil society to hold public spending accountable to commitments made for promoting gender equality. Gender sensitive budgeting is not doing separate budgets for women and girls. Rather, it is a process of doing analyses of public spending through the lens of gender. Gender responsive budgets are a way of ensuring consistency between social commitments to achieve gender equality goals –such as in education or work-and the resources being allocated. The key question is, what impact does fiscal policy have on gender equality? Does it reduce gender inequality, increase it or leave it unchanged?

Recommendations

- Support activities that promote women for election.
- Strengthen women's associations that build the capacity of prospective women candidates.
- Support activities that educate women to use their votes to change their disadvantaged positions.
- Support voter education programs – educate the public on the importance of voting in general and voting for women in particular.
- Build journalists capacity to raise gender issues during elections (land rights, violence against women, etc). Highlight women's capacity to lead and the benefits.
- Support women's associations advocating for quota system
- Support gender budget initiatives that increase transparency and accountability of government budget allocation and expenditure.

Women and Conflict

Women's protection in armed conflict and their central role in conflict prevention, peace keeping and peace building has been recognized by the international community. In October 2000, the United Nations Security Council unanimously adopted Resolution 1325 on women peace and security. Women and girls are among those mostly affected by the violence and economic instability associated with armed conflict. There is a growing realization that it is crucial that women be active and respected participants in peace-building and reconstruction.

Recommendations

- Support the involvement of women in conflict resolution and peace building.

Protecting Women's Human and Civil Rights:

The United Nations Declaration (1997) on the Elimination of Violence Against Women defines violence against women as “any act of gender-based violence that results in, or is likely to result in, physical, sexual or psychological harm or suffering to women including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or in private life.” Gender-based violence is recognized as the most pervasive of human rights violations, denying women and girls' equality, security, dignity, self-worth, and their right to enjoy fundamental freedom. It is one of the means by which women are forced into a subordinate position compared with men.” Gender-based violence is also major hindrance to development as it negatively affects various efforts such as girls' education, women's health, HIV/AIDS and well-being for girls and women in general. It comes at a great cost to the individual woman or girl, her family community and the economy at large.

In Ethiopia, violence against women and girls (including domestic violence) is a culturally accepted phenomenon that affects women's physical and emotional conditions and increases their vulnerability to HIV/AIDS. The law enforcement agencies pay little attention to all forms of violence against women including sexual offences. While the Ethiopian Constitution of 1994 provides significant protection for women and emphasizes the equality in law for all citizens, the existing legal codes do not fully reflect this. The number of Ethiopian women who are trafficked and subjected to the associated violence and other forms of exploitation is on the rise.

The criminal law and the criminal procedure code (issued in 1961) are currently undergoing amendments and public discussions are being conducted on draft amendment documents proposed by major institutions. Major issues of gender-based violence raised include, rape (including marital rape), abduction, battery, trafficking in women and children, abortion and early marriage. It is believed that the amended criminal law will increase penalty on offences such as rape and abduction.

The Ethiopian Women Lawyers Association has made a proposal for the issuance of a “Domestic Violence Act” separate from the criminal law or as a special section of the criminal law. The draft amendment is expected to be presented to the Parliament for review and debate. The amendment of the law is only a first step towards protecting the rights of women. Law enforcement personnel need to be trained in interpreting the codes and enforcing the law. Training needs to be provided to the judiciary, lawyers, and other staff. There is also need to publicize the amended clauses, so that citizens (women) are aware of their rights.

Recommendations

- Promote various activities to publicize the provisions of the amended criminal law for protecting women’s and girls’ rights.
- Gender sensitize law enforcement bodies (judges, lawyers etc).
- Support education (legal literacy) and social marketing (activities to raise public awareness on the harmful traditional practices that encourage acts of violence against women and girls.
- Promote a cross-sectoral approach to combat violence against women and girls.
- Build partnerships with religious leaders, community elders and the local administration to prevent and handle gender-based violence in society.
- Strengthen the capacity of women’s organizations and organizations that promote the protection of women’s rights to provide leadership in advocacy and visibility of violence against women.
- Support the involvement of men and young boys in the efforts to eliminate violence against women.
- Strengthen local organizations in the provision of health and legal services to victims of violence.
- Support anti-trafficking initiatives.
- Strengthen women’s associations and those that work towards the elimination of gender based violence.

ANNEX 5

ANALYTICAL STUDIES, WORKSHOPS, AND DESIGN EFFORTS

Analysis/Study	Date	Purpose	How used/to be used/partners
Ethiopia Peace Building Study – Working Draft	5/2003	Required Conflict Vulnerability Analysis (CVA) for Strategy Development	Inform strategic planning process
Update to CVA	2004	Update to CVA because of rapidly changing situation	Inform design and implementation of ISP
Environmental Threats and Opportunities Assessment (ETOA)	2/2004	Required Per Section 118, 119 FAA.	Identified environmental opportunities and threats for ISP.
Gender Analysis	2/2004	Required Per ADS 201.3.8.4	To inform the development of the new strategy-enhance gender integration into new strategy.
Breaking the Cycle of Food Crisis: Famine Prevention in Ethiopia		Provide a conceptual framework for addressing famine vulnerability in Ethiopia	Inform design and implementation of ISP
Agricultural Growth Options and Investment Strategies in Ethiopia (IFPRI draft)	2/2004	Identify priorities for rural investment to reduce poverty and accelerate economic growth	Inform design and implementation of ISP
Land Tenure Security Assessment (draft)	2/2004	Provide an action plan for potential USAID support for land reform	Inform design and Implementation of ISP
Water and Sanitation Assessment (draft)	2/2004	Provide an action plan for potential USAID support for rural water development and sanitation	Inform design and implementation of ISP
Getting Markets Right: A Road Map for Ethiopia (draft)	2/2004	Identify potential actions to strengthen agricultural output markets (coffee and cereals)	Inform design and implementation of ISP
Development Credit Authority: loan guarantees for rural finance (draft)	2/2004	Assess potential use of DCA for lending for agricultural cooperatives, agribusinesses, small enterprises, and rural water development	Inform design and implementation of ISP
Cereals Price Stabilization	12/2003	Assess the potential for a cereals price collapse and identify potential actions to mitigate a price collapse	Inform design and Implementation of ISP
Evaluation of the Ethiopian Management of Participatory Opportunities for Women in Extension and Research Program (EMPOWER) –Winrock International	11/2003	Document impact, lessons learned and replicable practices for social/economic empowerment of women	Inform design and implementation of ISP. Funded by EGAT/WID (under WID/IQC)
Decreasing Vulnerability and Building a Famine Resilience Safety Net (draft)	12/2003	DCHA assistance on Safety Net Concept and Design	
Assessment of Current and Future Voluntary Resettlement in Ethiopia	9/2003	Assessment of planned resettlement program	Inform USG response to resettlement program

Analysis/Study	Date	Purpose	How used/to be used/partners
Risk, Vulnerability and Resilience in SNNPR	12/03	Socio-economic study of the impact of drought on one of the worst affected regions	Informed the development of continued drought response and safety nets
Risk and Vulnerability in Ethiopia	6/2003	Seminal study on the on-going 2002/3 drought in Ethiopia.	Informed the development of famine prevention framework, safety nets, and on-going emergency response while in process
Resettlement Monitoring and Evaluation Design	3/2004	To provide a standard tool to inform the USG on implementation of the resettlement program	
Safety nets in pastoral areas	2004	To provide input into the design of safety net programs	
Determination of Chronic vs Acute Food Insecure	2004	To allow more effective targeting and development of appropriate responses	
Food Aid and Markets	2004	Examine the creative uses of monetization and the use of food and cash as resource transfer	
Evaluation of Cash Transfer Program (OFDA)	5/2004	Lessons learned and replicability of program	
Seed Voucher Program Evaluation (OFDA)	2004	Lessons learned and replicability of program	
HIV/AIDS Strategy	11/2003	Required distinct strategy for HIV/AIDS implementation	Subsumed under PEPFAR, Embassy direction.
Assessment of orphans and vulnerable children needs and opportunities	8/2004	To determine the location and environmental factors to be addressed	USAID, UNICEF future directions
National Stakeholders workshop on HIV/AIDS planning	7/2003	To gather data on success stories and progress to date for future programs	Nationwide participation by community groups, NGOS, FDGRE, donors,
Nutrition Strategy (draft)	11/2003	To develop a mission cross sector approach to MCH and emergency response nutrition	Under leadership of the LINKAGES Project, provides the basic nutrition approach for all USAID partners including Title II activities
Contraceptive Prevalence and Family Planning Logistic Systems	4/2003	To determine impact of USAID funded programs on CPR,	Provides direction for the expansion of family planning programs to additional regions.
Community Based Reproductive Health National Study	1/2003		
Analysis of GFDRE Health commodities forecasting and distribution system	7/2003	To determine the strength of the existing logistics system to handle current and future commodity management	Provides baseline for the DELIVER Project work plan and TA to regional health bureaus and the central drug agency
Contraceptive Security Assessment Workshop	7/2003	Set national priorities for the family	Provides the direction and SOW for future action and

Analysis/Study	Date	Purpose	How used/to be used/partners
		planning and reproductive health security, with all donors and the FGDRE	coordinated approach
Health Commodities Transportation Survey	12/2003	To determine road transport capacity for supply of health commodities	Incorporate into the DELIVER work plan for TA to regional health bureaus
Integrated Disease Surveillance and Response	10/2003	To improve the timely early warning and response to key infectious diseases	In collaboration with the Federal MoH and WHO
DHS support	2004-2005	Follow up to 2000 DHS	Provides best information on progress toward health impacts of current programs
Nutrition – Baseline survey of Title II partners	5/2003	Provides baseline health, nutrition, and agriculture information for the Title II DAPS	Helps define TA needs and program priorities for the Title II DAPS and SOW for FANTA
Health Management Information Systems Evaluation, ESHE Project, JSI	8/2003	Determine lessons learned from the start up of HMIS activities in SNNPR and future direction	Sets the stage for the type of HMIS expansion, ESHE II, World Bank, GFDRE, other donors
Evaluation of Prime Contractor for BESO II	4/2004	Determine validity of current approach and appropriate application to new strategy	
Evaluation of the Community-Government Partnership Program	11/2003	Lessons learned on community approach	
Evaluation of Complementary Drought Assistance/School Feeding	2004	Lessons learned on emergency operations through schools	
Expansion of support for decentralization in collaboration with Development Cooperation Ireland and (possibly) the European Union.	2004	Determine on-going direction of USAID assistance to decentralization	
Pre-design assessment of Conflict in SNNPR	2004	Determine appropriate conflict response for south as part of Front Line States Initiative	
Design of Expansion for Non-formal Education	2004	Determine applicability of pilot effort to broader program	
Safe Schools for Girls Design	3/2004	Critical support area for MOE; Pilot the program in participating schools	In partnership with EGAT/WID, Pilot Program to enhance the quality of teaching/learning processes and the learning environment so that gender safety becomes the norm in participating schools.
Evaluation of World Learning CGPP.	2004	Lessons learned for expansion of program	
Gender integration design	4/2004	Required to determine how gender needs to be addressed in the activities.	Integrate gender considerations into the implementation of the new strategy. EGAT/WID (WID/IQC)