

**United States Agency for International Development
Bureau for Democracy, Conflict and Humanitarian Assistance
Office of Food for Peace**

**Fiscal Year 2011: Title II Request for Applications
Supplementary Fiscal Year 2011 Title II Non-Emergency Programs
Country Specific Guidance: Ethiopia
Revised January 26, 2011**

I. Background

The United States Agency for International Development Office of Food for Peace plans to make funds available for a non-emergency program in Ethiopia. The purpose of the program is to support the implementation of the Government of Ethiopia's (GoE) Productive Safety Net Program (PSNP). The goal of the PSNP is to help assure food security and prevent asset depletion for food insecure households in chronically food insecure *woredas* (Amharic for "districts"). The goals will be achieved by stimulating markets, improving access to services and natural resources, and rehabilitating the natural environment as well as capacity building for local authorities who are ultimately responsible for the program. The anticipated FFP funding for this program is approximately \$110 million annually for five years and up to five awards. This document supplements the Title II Request for Applications (RFA) with information on USAID/Ethiopia and FFP's programming priorities.

II. Food Security in Ethiopia

Chronic poverty and chronic food insecurity are widespread in Ethiopia. Every year for over two decades the GoE launched international emergency appeals for assistance. These emergency appeals were channeled to meet the consumption needs of all food insecure households and did not distinguish between food insecurity that was chronic and a reflection of general poverty versus that which was temporary and caused by specific shocks. In 2005, the GoE launched a new Food Security Program (FSP), the largest component of which was the Productive Safety Net Program (PSNP). The PSNP was unique in that it distinguished between chronic and transitory food insecurity by targeting households that are chronically food insecure, e.g., regularly unable to produce or purchase enough food to meet their food needs, even during times of normal rain. In January 2010, the GoE launched Phase II of the FSP, which includes the PSNP, the Household Asset Building Program (HABP), Complementary Community Investments, and Resettlement. The PSNP is the largest component of Phase II of the FSP.

In addition to chronic food security challenges, malnutrition also remains high. Non-food factors that affect nutrition include: appropriate breastfeeding; early child feeding and care practices; hygiene; health status and access to health services; immunizations; the perceived status of women in society; and adequate water supply and sanitation. The GoE has acknowledged the importance of addressing the country's nutrition issues and is implementing a National Nutrition Program (NNP).

III. USAID/Ethiopia and FFP Programming Priorities

FFP has supported the PSNP since its inception and will continue to do so under the new awards. The primary focus of the new awards will be the distribution of food transfers using Title II food aid commodities, the implementation of public works projects in food- or cash-and-food-designated *woredas*, and capacity building of host government counterparts. A list of PSNP *woredas* and their status as cash, food, or cash-and-food *woredas* is attached. Implementation of the PSNP is guided by the PSNP Program Implementation Manual (PSNP PIM). A draft of the PSNP PIM is included with this guidance.

In addition to the above priorities, to the extent possible, FFP will support nutrition activities that align with the GoE's NNP. A draft of the NNP Program Implementation Manual (NNP PIM), which will guide implementation of the NNP, is included with this guidance.

Transfers

Commodity Transfers. In order to protect beneficiaries' food security and their assets and livelihoods, it is essential that commodity transfers take place on time.

The GoE provides a cereals-only food transfer, while FFP, through private voluntary organizations (PVOs), has provided a complete food basket consisting of cereals, pulses, and vegetable oil (15.0 KG cereal, 1.5 KG pulses, and 0.45 KG vegetable oil). The complete food basket has been particularly important because the food-assisted *woredas* are the most food insecure with the least efficient market systems. However, during Phase I of the FSP, there was growing concern that the full food basket, which has a higher value than the cash transfer, created an unsustainable demand for food transfers rather than cash transfers. Applicants should assume provision of a full food basket for the life of the awards. However, FFP anticipates conducting an ongoing dialogue with the GoE, the donor working group, and other stakeholders on a possible transition from the full food basket to a cereals-only food transfer. The cereal portion of the food basket should consist of cereal(s) that align with dietary preferences in the area of activity. The most commonly programmed cereals have historically been wheat and sorghum.

To the extent that funds are available, FFP will support commodity transfers and counterpart capacity building activities in *woredas* contiguous to those where program partners are implementing the full range of PSNP (and nutrition) activities. Applicants must submit letters of support from regional and local Food Security Task Force officials confirming their interest in PVO-provided commodity transfers and capacity building activities.

Cash Transfers. FFP will not fund cash transfers to beneficiaries. Cash transfers are provided by the GoE.

Public Works

Public works are central to the PSNP, and program partners must support this component of the PSNP. Applicants are encouraged to read the PSNP PIM for a complete description of how the public works component builds community assets and mitigates potential shocks. Public works plans are determined in conjunction with the local Food Security Task Force and the community. Public works must meet the standards established by the GoE or the standards established by the U.S. Government (USG), whichever are stricter.

Section 4.4 of the PSNP PIM states that for *woredas* supported by PVOs, the administrative budget is five percent of the base program costs, and the capital budget is 15 percent of the base program costs. The PSNP PIM also identifies the types of costs that a PVO can cover to meet the Capital/Administration (Cap/Admin) requirements. A template for the Cap/Admin is included with the guidance and must be submitted with the application to show that the requirements are met. Cap/Admin costs, like all other expenses, must comply with Section 202(e) and internal transport, storage and handling (ITSH) funding eligibility requirements

Linkages with Nutrition Activities

The Global Health and Feed the Future Initiatives (GHI and FtF) place a strong emphasis on nutrition. Pending availability of funds, USAID/Ethiopia intends to program resources under both Initiatives to improve nutritional status in Ethiopia. Under GHI, nutrition services are part of the USG goal of reducing maternal, neonatal, and child morbidity and mortality. The USG will build upon existing platforms/programs to strengthen and promote essential nutrition actions with a key focus on behavior change.

The PSNP and the NNP expect to contribute to the achievement of Millennium Development Goal 1 by reducing the number of Ethiopians suffering from extreme hunger, poverty, and malnutrition. The PSNP and the NNP are working on pilot projects to put into operation and eventually to scale-up opportunities to link their programs. Information about a PSNP/NNP multi-sector approach to addressing malnutrition is available in the “Linkages Report,” included with this guidance. These linkages are being explored specifically where there is overlap between *woredas* implementing Community Based Nutrition activities and PSNP *woredas*. Both lists are provided with this guidance.

Examples of activities that link PSNP and NNP include joint training of community-based agriculture and health extension workers to promote better understanding of nutritional requirements and to promote food-based approaches to nutrition, including gardening, dietary diversification, and appropriate complementary food preparation. Health extension agents may carry out Behavior Change Communication activities during PSNP paydays or at other public gatherings to encourage improved nutritional practices.

Household Asset Building Program Activities

HABP will play a critical role in achieving the high level goal for the second phase of the FSP, which is to graduate 80 percent of safety net beneficiaries. The HABP design, which focuses on supporting market-demanded income generating activities and linking chronically food insecure households to microfinance, is very similar to the USAID/Ethiopia PSNP Plus program. Although FFP fully supports the objectives of the HABP, HABP activities will not be funded through Title II-funded non-emergency programs. Pending the availability of resources, USAID/Ethiopia will consider funding, under separate awards, activities that contribute to the objectives of the HABP.

Transitory Food Insecurity

FFP will fund the provision of 20 percent contingency commodities, as discussed in the PSNP PIM, to meet transitory needs in the *woredas* where program partners are distributing Title II commodities. FFP will not address, through the Risk Financing Mechanism of the PSNP, transitory needs that exceed those that can be met with contingency commodities. FFP provides resources for more extensive transitory needs through relief mechanisms.

Timeline

The GoE has confirmed that five-year awards are appropriate. Therefore, it is expected that awards issued for Ethiopia will begin on or about August 1, 2011, and expire on or about July 31, 2016.

IV. Funding

FFP anticipates providing Section 202(e) funds to support programmatic costs. Allowable costs are outlined in the FFP Information Bulletin on Section 202(e) funding. As an exception to FFP policy, applicants for Ethiopia proposals are permitted to propose Section 202(e) funding levels not to exceed 20 percent of the total food aid program value.

FFP will not entertain proposals for monetization.

V. Clarification of the Requirements within the Request for Applications (RFA)

A. *Host Country Agreement.* The RFA sets forth requirements related to the Host Country Agreement (HCA). Applicants for an Ethiopia program should be aware that special circumstances prevail with respect to HCAs for Ethiopia. Guidance will be clarified at a later date. Applicants must obtain letters of support from regional and *woreda* food security officials in those regions and *woredas* where the applicant is proposing to work and submit the letters of support with their application.

B. *Registration with the GoE.* Applicants must be registered with the GoE in order to qualify for funding under the RFA. The application should specifically address this requirement.

C. *IEE Requirement.* Previously, multi-year assistance program agreements fell under the Umbrella Initial Environmental Examination (IEE) of Strategic Objective 16 of USAID/Ethiopia's Mission-wide strategy. As this strategy will soon expire, each applicant will be required to submit an IEE as part of the application. The IEE must cover the entire range of activities the applicant is proposing to implement, including public works. Discussions with *woreda* officials will give the applicant a good idea of the public works that are planned for the areas in which the applicant is proposing to work.

NOTE: The support documents referenced throughout this guidance have been circulated to the Food Aid Consultative Group and select items appear on the FFP website. In the unlikely event that a potential applicant has not received any of these documents, the applicant must contact via email Paula Bertolin (pbertolin@usaid.gov) or Bridget Ralyea (bralyea@usaid.gov) and copy Juli Majernik (jmajernik@usaid.gov).