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***Toward A Strategic Program  
Of Food Security  
In Ethiopia***

*A Paper Prepared for  
USAID/Addis Ababa*

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## Toward a Strategic Program of Food Security

### I. SUMMARY

**A rationale for a strategic approach to food security:** A view that food security should be a part of the mission program is premised on the following findings and projections:

1. That both acute and chronic lack of food among high proportions of Ethiopian individuals and households is so widespread and severe as to seriously impede the formation of human capital, attract investment capital and mobilize the ancillary resources that will be necessary to launch the country on a sustainable economic growth path. Under the most optimistic food production and population growth scenarios, large annual food imports will be required into the next century.

2. The political instability created by an atmosphere of chronic food shortages, unmet consumption needs and restricted access to essential social services is likely in the short run to create political pressure to divert resources to consumption and circumvent needed investment for long-term growth, derail the economic and political reform process, prolong impoverishment of the population and contribute to serious social instability of the region.

Based on the premises above, the Team recommends that USAID/Ethiopia give serious consideration to addressing food insecurity as an integral part of its program. A food security program would rest on the following principles and themes:

1. A food security program would integrate both food aid and DFA resources in a comprehensive program that would address both long and short-term problems that contribute to food insecurity.

2. Market mechanisms will be employed to the maximum extent as means to achieving food security program objectives.

3. A food security program will rely on a mix of macro and micro-level interventions working in concert.

4. Flexibility will be needed in the design and implementation of food security interventions at local and community levels to ensure that the widely varying socio-economic and physical conditions existing in Ethiopia are accommodated.

5. The delivery of relief food assistance to Ethiopia be gradually transformed over the next three years from free food distribution to programs that are more development-oriented.

6. The TGE and NGO's will be important partners in USAID programs and should be involved in the conceptualization and implementation

of the Mission's program. USAID should consider the development of institutional capacity of both NGO's and TGE in areas of early warning design, targeting, implementation and management of interventions.

7. Selecting the most needy would be accomplished to the maximum extent through self-targeting mechanisms.

**Problems contributing to food insecurity:** There are a complex set of natural and man-made problems that contribute to the serious food insecurity in Ethiopia. It is recognized that USAID cannot and will not be able to solve all of these problems, but a comprehensive strategy implies that options should be developed and priorities set that recognize the complex nature of the problem, the type and magnitude of the resources available to USAID, the management capacity of USAID, the priorities and strengths of the TGE, NGO's and other partners and the comparative advantage of other donors and international agencies to address Ethiopia's food security problems. The following primary problems that lead to food insecurity have been identified:

1. Widespread, chronic poverty and low purchasing power among the poor.
2. Inadequate per capita food production.
3. Paucity of foreign exchange to finance commercial food imports.
4. An underdeveloped and high-cost food marketing system.
5. Serious degradation of the productive natural resource base.
6. Inadequate and uncoordinated food policy and weak implementation capacity.
7. High human fertility and population growth rates.
8. Frequent drought, conflict and regional instability.

**A Conceptual Framework for Addressing Food Security:** A framework for addressing food security problems can be constructed to deal with immediate and short-term problems while laying the foundation for addressing medium and long-term problems. It is recognized that different approaches, mixes of program resources and targeting of populations defines this approach. The framework presented below acknowledges that target populations will necessarily vary geographically, temporally and in some cases culturally. Program flexibility within the established principles should guide program direction. The program is conceived around defined but dynamic population groups who may shift from one category to another depending on conditions exogenous to households such as droughts and economic shocks.

1. Targeting assistance to the highly vulnerable: The highly vulnerable populations would be those with virtually no productive assets and at immediate risk of death or serious malnutrition. These may be refugees, returnees, disabled, female heads-of-households and other, similar individuals. Emergency feeding programs and income transfer schemes would be the only mode of distribution to support these individuals. Market mechanisms to supply assistance may not be feasible for this group. Distribution of donated food through NGO's, the TGE and international agencies would be the primary means of reaching this group. For groups that have minimal productive assets such as the urban poor, targeted entitlements such as vouchers or MCH can be used to supplement income in the short term until income-earning opportunities arise.

2. Income generation and employment as a food security approach: Poverty and food insecurity are closely related. Wherever feasible, employment creation should be sought as a means to restore purchasing power and support the market as a means to distribute food. Both food and cash-for-work programs are suitable mechanisms to select the most needy. Current free distribution programs should be reviewed with the objective of reorienting them into development programs where useful assets could be created through employment creation supported by food commodities. Programming of food assistance in concert with DFA resources for technical assistance and other commodity support may leverage program resources.

3. Getting agriculture moving: A medium-term growth strategy to address food security: For the foreseeable future as service constraints preclude an industrial-led development strategy, agriculture will remain the dominant sector in Ethiopia's economy. Agriculture produces a large share of GDP, employment and foreign exchange earnings. The sector is poised to play a major role in a USAID food security strategy by accelerating the production of food consumer products for both producer household consumption and the market. Agricultural households hold potential as a market for manufactured consumer goods in an agricultural-led growth development strategy. Stimulating agricultural growth will be the center piece of a sustainable food security strategy.

4. Development of markets: Markets have been identified as both an opportunity and a constraint for improved food security. Rural infrastructure is a major constraint for increased production and distribution of inputs and products. The principle of making the markets work to improve food security could be addressed by food assistance to support policy reforms as under the Title III program. Because food marketing creates employment and incomes *per se*, secondary income effects are created if markets are the mechanism to distribute food aid. Channeling additional donated commodities through the markets builds on increased purchasing power and induces greater market participation by larger segments

of the population and lays the foundation for market-oriented and sustainable development.

5. Population: Rapid population growth at nearly 3 percent per annum and high fertility rates substantially impacts on food security at the national level in terms of per capita food production and availability at the household level. It is clear that food security at the household and individual level over the longer term can only be improved if the ratio of population growth is at least less than overall economic growth and particularly growth in domestic food production.

**A Food Aid as a Component of a Food Security Program:** Food aid can and should play a central role when integrated with other resources in a comprehensive food security program. The features and restrictions of each food assistance source can be taken into account to tailor and select the appropriate resource or bundle of resources to address a particular food security problem(s). Three food aid resources are available and each has a range of programming options. Selecting the appropriate food resource for a particular food security problem or problems is a tactical issue. Potential programming options for Title II "regular" and "emergency" resources and Title III resources are described below.

**Title III:** The balance of payment support feature of Title III is ideally suited to address the severe foreign exchange constraints which preclude Ethiopia accessing external supplies of grain to meet the domestic production shortfalls. The value of Title III is enhanced by generating counterpart funds that can be used by the government in a flexible manner to meet domestic budget needs. The donated grain is sold in the local market, having the effect of moderating price fluctuations and strengthening the market, creating secondary or multiplier income and employment effects. Non-food crops such as cotton sustain employment in the textile sector with similar income and employment effects. The policy reform aspects of Title III, its income effects, generation of counterpart and strengthening of the local market make it a highly desirable resource.

**Title II:** The team recommends that the overall level of Title II resources should not be reduced substantially over the next three years, but rather the proportion of "emergency" relative to "regular" Title II should be reduced gradually and deliberately by about 15 percent per year. Beginning immediately, cooperating agencies should be informed of USAID's intent to encourage programming of "emergency" Title II resources to development programs such as food and cash-for-work. NGO's should seek to strengthen their implementation capacity to undertake these programs, utilizing 202(e) and other available grant funds. Monetization of Title II commodities may be encouraged to provide local currency for complementing and funding local costs of this program.

## Issues and Options in the Food Sector: A Food Aid Strategy as a Component of Food Security

### 1. Moving food aid away from general relief toward a targeted development program:

- o Set targets reducing "emergency" assistance by approximately 15 % per year over three years.

- o Program "emergency" food as much as possible toward food and cash-for-work program through NGO's in keeping with their capacity and regional needs.

- o Develop self-targeting approaches that rely on market mechanisms e.g. cash for work programs that employ less than market wages to self-select the asset-poor and truly vulnerable.

### 2. A national public works program as part of a social safety net, as proposed by WFP, would entail, even with monetization components, real opportunity costs in terms of finance, management and administration and labor that could be invested in other activities with potentially higher economic returns and greater returns in terms of economic growth. The concept is compelling but practical constraints abound:

- o The management and implementation capacity of RRC, the regional governments, NGO's and line ministries is highly questionable to move quickly into a nationwide program.

- o The relationship of NGO's to the regional and central government is likely to create some problems in the selection and approval of projects as both levels would be required to approve any projects being implemented by NGO's or communities using food assistance.

- o Using the Food Reserve to support and channel food aid to NGO's and other relief agencies for food-for-work programs may prove awkward and has the potential to be misused for political or other purposes not closely related to need.

- o A self-targeting mechanism for identifying those most in need is a good concept, but setting an appropriate wage is a difficult issue and needs additional exploration and research. Food shortage periods in rural areas do not always coincide with periods of surplus labor.

- o There is need for experimentation for relatively small programs to test the methodology. A major monitoring and evaluation system should be put into place to learn from the experience.

2. The Emergency Food Security Reserve Administration is supported, but the following observations are offered:

- o The Reserve has the potential to be misused for political or other non-relief purposes such as price stabilization.

- o Title III wheat is an appropriate resource and could be programmed for the reserve with adequate assurance that donors would have a major voice in the allocation of reserve stocks. The opportunity costs of this type of programming should, however, be examined.

3. The Transportation and food distribution sector: Macro-level reforms with tariff decontrol and eased entry of private transport fleets will have an impact on distribution costs. There are questions about the proposed transfer of WFP fleets to the RRC and of privatization of government fleets, including perhaps, the RRC fleet. Better understanding of the capacity of the private sector transportation industry is needed before final decisions are reached on the disposition of relief agency trucking fleets. How should they be structured to meet the legitimate food security and emergency needs of the most vulnerable?

4. Monetization of PL-480 resources

- o Monetization can strengthen market mechanisms but in some cases may have the risk of depressing local markets. In all cases, food aid should be at prices no lower than "market prices", preferably through auction mechanisms.

- o Monetization should be encouraged in both in national markets i.e. Addis Ababa and in smaller regional markets. This approach can lower food-aid costs, allow more flexible approaches to programming and strengthens the market as a deliverer of food commodities. Market limitations and failures that occur in Ethiopia suggest that this is not always the practice of choice and further marketing studies are required. There remains concern that monetization could distort markets and there is need for further study of market functionings to determine the potential impact of food commodity monetization on both national and regional markets.

## II. PROBLEMS CONTRIBUTING TO FOOD SECURITY

This section will attempt to identify the complex set of natural and man-made problems which contribute to the serious food insecurity in Ethiopia and show why it will take time and focused efforts to reverse the trend of human and asset impoverishment that has occurred during the last decade.

Food insecurity, as defined by inadequate access to sufficient food for an active healthy life, is pervasive and chronic throughout much of Ethiopia. The World Bank's 1992 Food Security and Poverty Alleviation studies estimate that 19-20 million rural poor and 2.8-4 million of the urban population are chronically food insecure. During 1992, an estimated 5 million people are considered at high risk of hunger and starvation due to drought, civil conflict and security problems in surrounding countries.

Since 1980, famine (the ultimate phase of food insecurity) has occurred four times: in 1982 in Northern Ethiopia, in 1984/85 throughout most of Ethiopia, in 1987/88 in certain highland areas, and in 1990/92 in both lowland pastoral areas and the highlands. Until recently, famine has been associated with external shocks such as drought and war. However, there is general agreement in Ethiopia that food insecurity and famine have as their root causes 1) poverty, including both lack of productive assets and also lack of access to basic social services such as education, health and family planning, 2) high population growth and concentration, 3) inadequate per capita food production, 4) lack of foreign exchange to purchase food, and 5) a declining resource base. These problems, to a large extent, have been exacerbated by civil war and poor government policies that have supported collectivisation of the agricultural sector and state control of the agricultural marketing system. With the end to civil war and the coming to power of a new government whose policies support liberalization of commodity and service markets, the foundation has been set for improvements in food security.

#### A. Poverty

The numbers of poor in the rural areas have increased and have become poorer in the last decade. Farm households depend on the both farm consumption and market procurement to meet their basic food needs. Asset depletion in combination with natural resource degradation has led to spiraling impoverishment for hundreds of thousands of households that has decreased their capacity to meet their food consumption needs through either adequate farm production or market procurement. This means that for several years to come until productive assets can be regained, these families will be very vulnerable to any shocks including increased commodity prices, drought, infestation, etc.

#### Rural Poor

The World Bank 1992 study estimates that approximately 19 million are "rural resource poor", or too poor to achieve access to adequate food on a continuous basis. According to this report, "these are farming households whose land area, soil quality, rainfall variability, number of livestock and other income producing assets are inadequate to produce or purchase sufficient food for all housemembers and for whom there have been few

alternative forms of employment."

Adequate consumption of food is influenced by the socio-economic status of the Ethiopian farmer. In Ethiopia, socio-economic status is defined by farm size, use of improved inputs, such as seeds, fertilizer, asset ownership including oxen and tools, as well as access to social services (annex I, Table 1). IFAD made several important observations, based on the 1982/83 survey, that have bearing on understanding the importance of purchasing power of the rural poor on food consumption. This survey found that 1) expenditure on consumption (even in 1982/83) was high; savings averaged only 5% of rural income, 2) consumption items requiring cash outlays were substantial, 3) the rural poor spent a relatively high percentage of their income on energy sources. Recent studies by the International Food Policy Research Institute (IFPRI) also confirm that farmers buy additional food and other important items with proceeds from the sale of approximately 15% of their production.

Both IFAD and IFPRI found large variations in calorie consumption based on household income in the same communities. IFAD found variations as much as 4000 calories a day, whereas IFPRI found variations between 200 and 1000 calories a day. The IFPRI study also documented that poorer households have less buffer capacity to external shocks. In IFPRI's study area, 1984/85 the poor lost on an average 88% of their livestock herd compared to 23% of the wealthy. Higher income farmers averaged a three fold increase over the poorer farmers during the 1984/85 drought.

#### Urban Poor

With high rates of unemployment in the urban areas and continuing increases in the prices of staple foods and other necessities, the purchasing power of the urban population has substantially eroded in the past decade. Between 1988/89 and March 1992, before devaluation, the average food grain price in Addis Ababa increased by about 85%, while wages remained stagnant and unemployment grew. The newly arrived displaced and demobilized soldiers have added to the population pressure and poverty in the cities. Begging and stealing have increased considerably in most urban areas. Women head 34% of urban households and are involved for the most part in petty trading with limited income potential.

The recent World Bank Poverty Alleviation team estimates that four million people living in urban areas are below the poverty line and suggest that half of these are "desperately poor". When a typical food consumption basket was constructed using March 1990 prices, approximately 41.4% percent of the urban population could not buy even 1700 calories per day. When a 1300 calorie food basket was developed, 30% of the population could not buy it. By March 1992, the costs of these baskets had almost doubled. Recent studies in

the poorer kebeles reveal that a majority of households spend over 70% of their income on food.

## **B. Population Growth**

The rate of population growth has accelerated from one percent per annum between 1920-25 to 3.0 percent for 1990-1995. The population is expected to double by the year 2010 (annex I, Table 2). Contributing to this rapid population growth are fertility rates, which are among the highest in Africa at levels between 6.8 and 7.5 children per woman. Modern contraceptive prevalence is only between 2-4%. This rate of population growth has greatly outstripped increases in per capita outputs both in the economic and agricultural sectors as well as available social services. In order to maintain the same level of per capita output of food grain in 1992 as 1991, 200,000 metric tons more were required to keep up with population growth. Population density in many areas has increased significantly in the last twenty years and has had particularly adverse effects on farming and household income potential where arable land is limited. Large increases in urban populations, due both to migration and natural increase, put tremendous pressures on limited infrastructure and services. At the household level, food security is affected by size of the household, while close birth spacing is highly associated with increased risks of malnutrition and death.

## **C. Inadequate Per Capita Food Production**

During the 1980's, per capita food production declined at a rate of -2.06/year. Specifically, per capita food grain production declined from 200 kgs per capita in 1979/80 to 150 kgs in 1988/89. This resulted from two factors: 1) the poor overall performance of the agricultural sector which increased output by only .15% during the 1980's (annex I, Table 3); and 2) extremely rapid population growth at close to 3% per annum.

FAO estimates that domestic grain production contributes an average of 1200 to 1300 calories per capita per day. Ensett and other roots and tubers contribute an additional 300 calories for a total domestic calorie availability of only 1500-1600. Although food aid has helped to fill the widening food gap (annex I, Table 4), total food aid and commercial imports bring the average availability up to only 1700-1800 calories (after storage losses). This level is 24% below the recommended daily allowance of 2300 calories (WHO/FAO standard).

The 1990/91 harvest, at 7.3 million mts, was the largest on record; however, the national food deficit calculated to meet the FAO's per capita consumption requirement was 985,000 mts. With no anticipated commercial imports, this level was requested from the

food aid donor community. The 1991/92 FAO/WFP crop assessment estimated a total 1992 production of 7.09 million mts resulting in an overall food gap of 1.03 million mts to meet a 1530 calorie per

day requirement. (This level is considered to be the status quo.) With a population growth rate of 3%, an increase of 215,000 mts was needed just to maintain the per capita food production level of 1991. So again in 1992, per capita food availability has fallen from 1991. Given low food aid stocks and limited potential for commercial imports, FAO/WFP recommended a 880,000 mts food aid requirement.

At the farm household level, studies of food availability show that even in relatively good years, smallholders in study areas (IFPRI, Getachew) can not meet minimum daily consumption requirements either from farm production or market procurement. Even in a poor community there is a wide variation in assets and resulting production and productivity. During the 1980s wealthier households achieved drought year production three times that of poorer households. Household vulnerability to famine increases during consecutive years of external shocks such as drought and civil war through progressive depletion of food stocks and capital assets. Because of the asset depletion that has continued since 1984 for many farm households, single year shocks may be adequate to trigger famine where stocks and resources have not been rebuilt.

#### **D. Lack of Foreign Exchange to Purchase Food**

Ethiopia, with a population of 52 million people, is the second most populous country in sub-Saharan Africa and is one of the poorest with \$120 income per capita. It is an agrarian-based economy with agriculture accounting for 40% of gdp, 85% of the exports and occupying 85% of the work force. Smallholder agriculture dominates the sector; field crops account for 40% of value added as does livestock. Cash crops, mostly coffee, account for the remainder. The industrial sector contributes 10%-12% of gdp and 15% of the export earnings and accounts for 6% of the workforce. It currently is running at about 20% of capacity and is dominated by public enterprises--70% of value added--and produces agro-processed goods, textiles, garments and leather goods. The residual of national output--50%--is attributed to the service sector, predominantly fueled by government expenditure.

The economic performance of Ethiopia can only be characterized as poor with gdp growth averaging about 1.4% from 1974-91. Gdp has been negative since 1990 and is estimated to be -5.2% in 1992. High population growth rates during the period have only made a poor economic record worse; gdp per capita is estimated to be -7.9% in 1992. The bright spot for Ethiopia has been a historically low inflation rate of under 9% from 1974-90. The

budget deficit was held in check during this period averaging 7% of gdp. While total government expenditures increased from 17% to 45% as a percentage of gdp, revenues were augmented, from 13% in 1974 to 31% in 1989. Tax rates were increased, a general levy assessed and mandatory contributions from parastatals suggested to enhance revenue.

With continuing recourse to trade and exchange rate restrictions, Ethiopia ran current account deficits during the period of about 4% (including grants) and 5% (excluding grants). Wide fluctuations in balance of payments during this period landed Ethiopia in a pile of economic and commercial debt, U.S. \$ 4 billion by 1992. This translates into a current debt service ratio of over 80% and does not include a military ruble 2.8 billion debt to the former Soviet Union. During the chaos of the later 1980's, the Ethiopian birr remained pegged at 2.07 to the dollar thus ensuring the collapse of Ethiopia's international trade and competitiveness on top of a ravaged economy that had all but collapsed onto itself.

#### **E. Declining Resource Base**

Several analytic models have been developed by FAO, IGAAD and the World Bank involving land use planning, environmental assessments and economic growth for Ethiopia. Differing economic growth scenarios are used to analyze food demand, apparent consumption, and levels of food production increases necessary to raise nutritional status to acceptable standards. The models incorporate such factors as population, supporting capacities of the land, and the natural resources base.

The FAO and IGAAD modelling indicate that conflicts over land-use may arise early in the next century due to environmental degradation. Requirements for livestock grazing, assuming the present mix of agriculture and livestock, come into direct confrontation with and constrain the expansion of cultivation. The natural resource base constraint, absent conservation measures, appears to preclude high rates of sustainable agricultural growth over the medium-term.

As part of an effort to develop a National Conservation Strategy, a project was developed recently to model the natural resource base in Ethiopia. Some of the analyses shows that soil loss on arable land currently exceeds soil formation by a factor of 6. Wood is being used at twice the replacement rate. Soil erosion will render over 10 million hectares of land unusable within the next decade. Currently out of a total land area of 122 million hectares only 40 million is arable including grazing and foraging and 12 million is currently under cultivation. While there is room to expand agriculture, it is finite and there are competing uses for this land.

As population increases and agricultural activity rain-fed and irrigated extend into the lowlands will compete with traditional

pastoral cultures; in the high potential areas such as the southwest highlands competition between timber, coffee and other high-value commodities will occur and constrain growth and development.

### III. VULNERABLE GROUPS

In order to plan, target, and program resources most effectively, those geographical areas and vulnerable groups most at risk of food insecurity should be identified. This section will broadly identify these groups, their location, and the reasons for their food insecurity and attempt to estimate their numbers. See annex A for a summary chart.

#### Definitions:

Food Insecure: Those households and individuals who have inadequate access to sufficient food at all times for an active and healthy life.

Highly Vulnerable: Those households and individuals who have to sell productive assets such as seed, plows, oxen, in order to obtain food. Failure to provide food assistance will lead to malnutrition, asset depletion, decreased production and increased vulnerability to famine.

Extremely Vulnerable/Destitute: Those households and individuals who have exhausted their coping strategies, have no significant assets, resources, no income/production. Failure to provide food to this group will result in starvation and death. This group is facing famine conditions.

Context: Approximately 50% percent of the Ethiopian population or between 23-26 million people are chronically food insecure, based World Bank and Ministry of Planning and Economic Development (MPED) calculations. This means they do not have adequate resources to obtain sufficient food throughout the year even in normal times. Because of limited income and lack of assets (12.8 million rural people cultivate less than .5 hectare and own one or two oxen), they are very vulnerable to external shocks, eg. drought, famine, or large spikes in food prices, which substantially reduce their capacity to either produce or purchase food. Those people, for example, who have experienced consecutive years of drought have depleted their food stocks, sold their productive assets and are now considered extremely to highly vulnerable and in need of food relief. This group will need several years of good harvests to rebuild their food stocks and asset base. They may need food aid for several months each year until they produce enough food for adequate on-farm consumption and/or market sales throughout the year. However, until then, new shocks

may send them back to being highly vulnerable.

In addition there are special groups in Ethiopia who have lost most of their assets in the civil war, ethnic conflicts or fleeing to Ethiopia from political problems in surrounding countries. These groups (e.g. displaced, returnees, refugees and the demobilized soldiers) are considered highly vulnerable where new income opportunities are not immediately available. As income-earning opportunities are made available the numbers of extremely vulnerable in these groups are expected to decrease. As with the other groups these people will remain vulnerable until they can rebuild their assets.

### **Food Insecure**

#### **A. RURAL RESOURCE POOR (20-23 million)**

Agriculturalists: Small farm households in low and medium potential areas characterized by soil degradation, too little land, poor infrastructure, lack of assets and access to improved production inputs. Most vulnerable are those households in areas that have been affected by consecutive years of drought and civil war. These areas include Welo, Tigray, Northern and Southern Shewa, Hararghe, and Gonder. Several years of drought and civil war have led to progressive sales of food stocks and productive assets for farmers who actually had not recovered from 1984/85 and 1987/88 famine situations. This has led to serious impoverishment for hundreds of thousands of households. It will take these families several years of good harvests to recover; whereas one poor harvest, due to drought, pests, etc. could immediately lead to another famine situation.

Estimates: The number of agriculturalists with between 1.0 and 0.1 hectare of land is approximately 11 million based on World Bank and MOPED calculations. An additional 8.4 million have less than one-tenth acre of land and no oxen. According to recent reports, this group is expanding, particularly with desettlers returning to areas where the population concentration is already high, agricultural potential is low and employment opportunities are limited. Recent reports suggest that in some areas 20% of the population are in this category. Among these, the RRC estimated between 4 and 5 million are highly vulnerable and are in need of immediate food assistance. In areas of a good 1992/1993 Meher harvest, the number needing immediate relief should decrease, although the previously drought-affected areas should be carefully monitored.

Pastoralists: The nomadic population considered resource poor is living in arid to semi-arid regions whose number of livestock and other income producing assets are inadequate to obtain sufficient food. Among this group are the Afar in the Awash area, many of whom have lost their herds due to four years of consecutive drought and the pastoralist in Borena whose herds and other assets have

been depleted due to drought, disease, ethnic conflicts and return of family members from Somalia. In Borena, Ethiopian returnees from Somalia have put a large burden on already-stressed households who have taken in their relatives. The pastoralist in the Ogaden are some of the better-off groups in Ethiopia; however, consecutive years of drought and interruption of their international trading markets with Somalia have left many within this groups with very few resources.

Estimates: Out of this group, MOPED estimates that 2.2 million are food insecure. The RRC estimated that 1.25 million pastoralist were in need of immediate food assistance in 1992.

#### B. URBAN POOR

With high rates of unemployment and underemployment and dramatic increases in the prices of staple foods and other necessities, the purchasing power of the urban population has substantially been eroded in the last five years. By 1990, the Consumer Price Index for food had increased to 940 (Base year: 1982) and 30% of the population could not afford to buy 1300 calories per day. The price of that basket has almost doubled in the last two years. Most of the very poor spend approximately 70-80 percent of their income on food. In addition, most cities have experienced a substantial influx of people due to civil war and ethnic conflicts. Reports suggest that the population of Addis has grown from 1.5 to over 2 million in the last two years. Begging and stealing are increasing and NGOs are reporting increased destitution, hunger and malnutrition.

Estimates: The World Bank's Poverty Alleviation Study and the MOPED estimate that approximately 4 million urban dwellers are living in poverty and half of these are very food insecure. Approximately 2 million poor are the intended target of a planned safety net program based in the kebeles. There is a concern that some of the most in need may not receive assistance through a kebele-based program, because many, especially recent arrivals, are not members of the kebeles.

#### C. SPECIAL GROUPS

Due to civil war, ethnic conflicts and problems in surrounding countries there are special population groups facing new and acute food insecurity. These groups include refugees from Sudan and Somalia, Ethiopian returnees from Somalia, displaced, returned settlers and demobilized soldiers. During 1992 these groups were considered extremely vulnerable. In 1993/94, the number of extremely vulnerable should be reduced as resource-earning opportunities become available.

Estimates: 2 million have been identified as extremely vulnerable and are located for the most part in Hararghe, Ogaden, Gambella,

Wello, Tigray, Shewa and Addis.

Rural Refugees: Due to political problems in Somalia and Sudan, there has been a significant influx of refugees into Ethiopia. Approximately 20,000 refugees from Sudan are in Gambella. These refugees are unable to return to their areas of origin and are completely dependent on food assistance. UNHCR is discussing the possibility of resettling these people within Ethiopia's borders. There is also the potential for an additional 50,000-60,000 refugees coming into Ethiopia from Sudan during this next year.

Approximately 400,000 refugees from Somalia have come into Ogaden and Hararghe. Camps are operating in Jijiga for approximately 200,000 refugees. In Ogaden 200,000 refugees and their Ethiopian hosts, affected by drought, have gone into the town centers of Negelle, Moyale, Dolo, Suftu, Bare, Gode and Kelafo to obtain food assistance. Intensified fighting in Somalia has brought a new wave of Somali refugees to Dolo, Suftu and Bare in 1992.

Estimates: 250,000-500,000 refugees and returnees.

Displaced: Large concentrations of people displaced by drought and ethnic conflict can be found in Hararghe, the Ogaden, Borena, Shewa Gambella and Addis. In many cases they have joined already stressed and food insecure relatives in these areas. Families of ex-soldiers displaced from Eritrea at the end of the war are located mainly in the towns of Dessie in Welo and Addis Ababa. Many of these people, particularly the women and children lived in army garrison towns in Eritrea for 10-20 years, becoming urbanized in the process. They are particularly vulnerable and lacking a means to be self-supporting. The majority in this group is likely to need assistance for several years to come. While peace agreements have been negotiated between some of the tribes embroiled in ethnic conflict (in Jijiga, Kelafo and Moyale, specifically), and some people have even returned to their villages, infrastructure was destroyed, animals lost and many had insufficient seeds and tools to take advantage of the good 1992 rains. These people will need to be assisted until their first productive harvest or until they are able to regenerate herds.

Estimates: 410,000 displaced.

De-settlers: Those who have left the forced settlement sites in the south and east and congregated in Gambella and Durame (Shewa) towns. Some were forced to leave the settlement sites by their indigenous neighbors who had always resented their presence, others voluntarily left in an effort to return to their places of origin. Those that have voluntarily returned to their areas of origin have found that land is not available and extended family resources scarce.

Estimates: 276,000 desettlers

Demobilized Soldiers: At the end of the civil war in Ethiopia approximately 250,000 ex-government soldiers were detained in camps in various locations within Ethiopia. By the end of February 1992 these former soldiers had been registered and returned to their areas of origin with promises of continued food assistance and monthly payments of 50 birr each.

Estimates: This population taken together with the estimated 150,000 ex-soldiers who escaped into the countryside (but were later registered and given the same benefits) totals 400,000. Adding their dependents, the RRC estimates that demobilized soldiers and their family members total approximately 800,000. It is anticipated that the number dependent on food aid will decrease as these families begin to find some form of employment in urban areas and/or land in the rural areas.

#### **At-Risk**

Within all of these groups, children under five, pregnant and lactating mothers and the elderly are most at risk of the serious consequences of food insecurity. The 1992 National Nutrition Survey found high rates of wasting in the most drought-affected areas. One recent survey found that 60% of mothers of children enrolled in an MCH program were undernourished. In designing programs to address food insecurity of large population groups, the special needs of these at-risk groups should be considered and mechanisms identified to ensure that they are reached.

In addition a large percentage of households in both urban and rural areas are female-headed households. These households are characterized by large household size, few assets and limited income earning potential and therefore at-risk. Again, in developing targeting strategies among large population groups, mechanisms should be identified to ensure that these households are reached.

### **IV. POLICIES THAT AFFECT FOOD SECURITY**

This section discusses TGE policies and programs which affect food security. While significant reforms are underway, these efforts are often not well coordinated and government objectives in terms of food security are not clearly defined.

#### **A. Markets: Structure and Performance**

Incentive Structure for Producers: Before 1975, government intervention in food markets was minimal. Landlords extracted rents and tributes from smallholder tenants and much of this was paid in the form of grain. However, when the tenancy system was abolished, producers apparently consumed more of their production

and less was marketed. Corresponding urban price increases prompted the government to establish an increasingly stringent set of controls that discouraged production and led to stagnation of food supplies. According to some authors, these policies contributed greatly to famine by reducing the capacity of rural households to retain grain stocks for emergency consumption. There were two features of the control system that had particularly adverse impact on production: rigidly fixed farm gate prices that were very much less than what would have been prevailing market prices for major grains, and a quota system that extracted grain from smallholders at these depressed prices for sale through government parastatals to urban populations. A third element was the strict control of grain shipments by other than government bodies, effectively eliminating open interregional grain trade. The results of these policies were a downward spiral in production, increasing rural impoverishment and according to some observers, a reduced ability of rural households to cope with drought and other disruptive phenomena.

The dirigiste agricultural policies of the former regime were widely despised by farmers and a great swell had developed against them by the late 1980's. As the Mengistu regime began to lose its grip on power, the enforcement of quotas and price controls eroded. With the assumption to power of the transitional government in 1990, government purchasing quotas were abolished, grain prices were liberalized and private trade was encouraged. For the first time in many years, farmers were able to respond to the strengthening market signals. The Agricultural Marketing Corporation (AMC), the agency formally responsible for implementing the quotas and price controls has only very recently been converted into a price stabilization body. Although this new mandate has not yet been implemented, sources in the Ministry of Trade have stated that the AMC will implement a floor price scheme for four major grains (teff, wheat, maize and sorghum), intervening in the market when triggered by a established floor price, and sell in the market when prices reach undetermined but "high" levels. The wisdom of this approach is open to question given experience in other countries, but at a minimum, the government has greatly reduced its presence in the market which most observers feel will have a positive impact on production and food security.

Grain Market Characteristics: Ethiopia in an aggregate sense is a net importer of food. This imported food has, in recent years, been almost exclusively in the form of food aid, distributed by NGO's primarily through extramarket channels as free relief goods or in some cases as food for work. Undoubtedly a portion of this donated food has reached the commercial markets but it is not thought to have played a substantial role in market distortion, especially during the period of stringent government control. But with market liberalization, care must be taken that market disruption does not occur. Some relief food has been deliberately monetized to support NGO cash components of both relief and

development programs.

Ethiopia's grain markets are characterized as "thin", meaning that of the total grain production, only a small proportion reaches commercial markets. The vast majority of locally produced grain is consumed by the farm household, with some local seasonal trading. There are high-production, surplus regions that are the major suppliers for urban areas, now being serviced by commercial traders as well as by government through the AMC. The "thinness" of grain markets is particularly significant in understanding market behavior related to price fluctuations under a liberalized pricing regime. Relatively small percentage shifts in production can create great fluctuations in the quantity marketed, since most households will sell surpluses in good years, or withhold produce in poor years. This type of short-term supply behavior can lead to very strong swings in prices because the demand structure remains relatively more constant or could even intensify during poor years as more consumers look to the market to supply shortfalls in production. Wide price instability can put vulnerable consumers at greater risk and tempt governments to intervene in markets to the detriment of producers.

An additional factor contributing to Ethiopian grain market inefficiency is the lack of integration because of infrastructure constraints. Road density is very low, with 90 centimeters of all roads per capita, compared to 930 centimeters per capita in Zimbabwe, for example. Almost 90 percent of the country's population lives more than 48 hour's walk from the nearest primary road. This market segmentation is reflected in price variation among regions. According to a study by IFPRI, (1992) both long and short-term integration of rural markets with regional markets and regional markets with central markets is weak, where goods and services flow between them, but not freely. Transportation services are also weak, with private truck fleets aged and in poor repair. The lack of physical infrastructure and poor transportation services leading to market segmentation and high-cost marketing systems is an important consideration in formulating food policies that rely heavily on the market for famine mitigation in times of severe drought.

The competitive structure of the grain market is another indication of market efficiency. Under previous government policies of administered prices and quotas, there was little room for private grain traders to function. Small-scale trading at village and regional levels was tolerated, but interregional movement of grain was highly restricted, and was the domain of the government. With the liberalization of the grain trade, large numbers of petty and larger traders have emerged. Although major traders must be registered with the Ministry of Trade, there are few barriers to market entry aside from access to capital and trucks. These restrictions are being eased with the commercialization of the banking sector and free importation of trucks through the open

market and from donor sources including USAID. Undoubtedly there are some distortions caused by inadequate market competition, but this constraint should ease rapidly as market entry barriers are reduced and marketable surplus grows in response to price signals.

Strengthening of food markets seems an essential component of a food security strategy. Although Ethiopia's grain markets are "thin", poorly integrated and sometimes segmented because of infrastructure and transportation facilities constraints, they will increasingly become the primary food security system when teamed with expanded household income and purchasing power, improved agricultural productivity and commercialized food import policies. Food markets cannot be expected to completely substitute for non-market forms of food distribution such as targeted emergency relief. Increasing the quantities of food aid channelled through commercial markets can strengthen and stabilize markets typically subject to wide fluctuations in prices generated by exogenously-driven changes in marketed grain surpluses.

## **B. Safety Net Programs**

During the Summer of 1992, the World Bank and the Ministry of Planning and Economic Development carried out assessments of the poverty situation in Ethiopia and began to estimate the potential effects of the structural adjustment program (devaluation) on the poor. As a result of these analyses, several safety net programs were proposed to protect the poor from price increases of food and other essential goods.

### Urban Safety Net Programs

#### 1. Food and Kerosine Voucher

As part of the TGOE's program to mitigate potential negative effects of the structural adjustment program on the poor, a targeted food and kerosine voucher program for urban areas has been proposed. The urban voucher program would use the kebele (community) administrative infrastructure to target the poorest households in the kebele (below approximately 100 birr per month) for receipt of a monthly voucher valued at 10 birr per person. A maximum of five people within a household would be eligible for a total of a 50 birr monthly income transfer to an entire household. It is estimated that approximately 2-2.5 million people living in urban areas would participate in the program.

At an individual's discretion the voucher could be used for both kerosine and/or food. These vouchers would be honored by both market vendors and stores and would be redeemable at the National Commercial Bank. By using vouchers instead of a commodity distribution approach, it is believed that the market would be less distorted and consumers would have more control over their decisions. Currently the World Bank is providing technical

assistance to the TGE's Task Force on Safety Nets for the design of this program including accounting, monitoring and evaluation systems. The program is scheduled to begin January 1, 1993.

## 2. Urban Public Works

Presently this program is less well defined than the voucher program, but it is being considered by the Task Force on Safety Net Programs for implementation in 1993. This activity would focus on employment creation through labor-intensive public works, which may include road construction, water supplies, sanitation and other urban infrastructure. Public works program are attractive because they provide several benefits--both income to the poor as well as value from the infrastructure built. There are ongoing discussions about use of a minimum wage, either in food or cash, to ensure that the program would attract the really needy. CARE as well as the World Food Program are currently pilot testing several types of labor-intensive public works in urban areas. These activities should provide important lessons learned for the design and implementation of the proposed safety net program.

## C. Rural Labor Based Public Works Programs

### 1. World Food Program Proposal

In response to a general call from the TGE to end free food distributions, WFP has suggested a multi-donor, multi-year commitment to a nation-wide food security safety net program designed to provide employment to the poorest of the poor. This would be accomplished through a self-targeting mechanism of providing non-competitive wages in either food or cash for work projects.

WFP proposes that the first step in implementing this program would be the reorientation of their ongoing food for work program (2488). The program currently is focused on its developmental outputs. WFP proposes that the program be reoriented to focus primarily on beneficiaries. Design of actual output therefore must be able to accommodate significant variations in labor availability. Scale of the FFW projects would be resource driven. The methodology for regional targeting would be based on previous mapping associated with the development of the Emergency Food Security Reserve.

The RRC would be responsible for implementation of the project including management and logistical issues. (The project currently is implemented through the Ministry of Agriculture and the AMC.) Outputs would be selected by the community and/or NGOs where appropriate. RRC management would involve three committees: a small policy committee to include major donors; a technical committee to include line ministries; and an implementation committee to include NGOs and other operational partners.

Three additional elements are required for successful implementation: monetization, supplementary feeding programs and a functioning food security reserve. Monetization proceeds would be necessary for technical assistance and for support of cash for work programs. MCH and similar supplementary feeding programs would need to continue for those members of the community who either cannot (e.g. disabled) or should not (e.g. female heads of households) participate. Since overall participation in the work programs will be elastic, food supply also must be flexible. The Food Security Reserve would be used as a buffer against unexpected expansions in participation.

## 2. World Bank/Committee for Public Works Proposal

The World Bank/Committee for Public Works plan is quite similar to the WFP scheme outlined above. There are two main differences between the Bank's program and the WFP. The first is the Bank's focus on the FFW output. Bank projects therefore may be less flexible in their design. The second difference is the Bank's strong preference that food (and other commodities) coming into Ethiopia be immediately monetized. The Bank stresses that government revenues have declined drastically so that financing a development program would depend heavily on counterpart resources. Food aid therefore should be programmed in a way which maximizes the generation of counterpart funds and strengthens the functioning of local markets.

The Bank program has two objectives: to create assets that would form the foundation for sustainable development; and to generate both rural and urban employment. Four general categories of public works will be supported by the program--rural roads, sanitation facilities in urban areas, natural resource conservation and protection, and road maintenance facilities.

As in the WFP scheme, a wage rate would be established which would be below the prevailing rate to make the program self-targeting. Wages would be in food or cash depending on whether the project was in a food deficit or surplus area. Plans call for local communities to be heavily involved in designing and selected projects for their area. Capital and technical inputs would be provided by the government as needed.

Line bureaus (the regional equivalent of national ministries) would be responsible for implementation with only policy and technical direction from central ministries. The Bank concedes that technical support for labor intensive public works is critical, but believe that adequate support is available through the technical ministries.

In order to facilitate the decentralization and community participation aspects of the program, NGOs and private contractors will be invited to participate. Contractors may be used to manage

and implement projects with wages paid for under the scheme outlined above. NGOs would manage and implement projects where they are able and willing to do so.

The Bank indicates that the program will be "fairly large" and will continue for "some time." The program is expected to start small and then expand as more projects are developed. The government apparently has identified fourteen projects (one in each region). The World Bank currently is working with the government on implementation plans for these projects which they plan to have underway by the summer of 1993.

There are a number of issues which need to be considered in planning for any large-scale food or cash for work scheme. These range from concerns which are Ethiopia specific, to issues of USG legislative restrictions, to conceptual problems in design and implementation. See annex B for a detailed discussion of these points.

#### **D. Emergency Policy/Planning**

In the mid 1980's, Ethiopian authorities became concerned with a broad range of food policy issues involving famine relief activities, post-famine rehabilitation and mitigation and long-term development issues to increase food production and reduce incidence of hunger. Two separate, but related, approaches were taken to address this broad range of issues. A strategy was developed to deal with famine relief, early warning and rehabilitation. This became the National Disaster Prevention and Preparedness Strategy (NDPPS) and can be viewed as legal/administrative framework and operational planning guide for the government on famine preparedness and implementation issues, including the promulgation of a famine code. The National Food and Nutrition Strategy (NFNS) was developed over several years through academic research and conferences and focuses on governmental policies and actions to enhance food production and nutritional status in the formulation of Ethiopia's development plans.

The NDPPS and the NFNS were drafted in the context of a very centralized and socialist economic and political system and originally reflected these biases in their conception. The proposed economic liberalization and development of a mixed economy of the then Mengistu regime in 1990 and the subsequent overthrow and establishment of the TGE have changed the operating assumptions and proposed measures to a significant degree.

NDPPS and NFNS have not been implemented in an overall sense, although ideas contained in the documents have been either operationalized on an ad hoc basis (e.g. early warning activities) or approved formally as research activities, strategies and policies (e.g. National Conservation Strategy and Master Land Use Plan). The NDPPS and the NFNS were discussed at a donors

conference in 1991 and are being "finalized" by the MPED and RRC. Two entities, the Food and Nutrition Unit in MPED and an Emergency Food Security Reserve (EFSR) under the RRC, have been created as a result of these activities. See annex C for a more detailed description and analysis of NDPPS and NFNS.

### **Food Security Reserve**

After several months of discussions with the donor community the Council of Ministers of the TGE issued a directive on October 23, 1992 establishing an autonomous Emergency Food Security Reserve Administration (EFSRA). The Reserve is intended to maintain a readily available food reserve (initially 205,000 MT) for use during emergencies. The new directive restructures and redefines the existing Emergency Food Security Reserve which was previously an operational element within the Relief and Rehabilitation Commission (RRC). While the new autonomous body will be accountable to the RRC, its autonomy is ensured through a board of directors, composed of several Ministers and the RRC Commissioner, which acts at the recommendation of a Technical Committee on which donors are represented. In its earlier manifestation the Reserve received little donor support because of its vulnerability to abuse by the authorities to meet military/political needs.

The Reserve will act as a buffer stock from which relief agencies can take loans pending delivery of specific donor pledges, thereby smoothing out the relief pipeline. Currently, an agency wishing to respond to a quickly developing emergency must make ad hoc arrangements to borrow from any relief commodities available in country while it tries to gain donor commitments to support its operation and then await actual delivery, often waiting at least four months. The tonnage level planned for the Reserve, 205,000 MT, is intended to bridge that four month supply gap. This level is calculated on a per capita food-for-work wage of 400 grams per day for an estimated 4.2 million people.

The Reserve stock will physically be held in three centers: Nazareth in Shoa, Kombolcha in Wollo and Dira Dawa in Hararghe. These three sites roughly correspond to the historically most drought- and emergency-vulnerable areas of the country.

The past hesitancy of the donors to contribute to the Reserve has been addressed by a number of changes being made to its structure and workings. The directive states that its intent is to establish "an autonomous governmental body under the general umbrella of the Relief and Rehabilitation Commission." The directive further states that the objective of the EFSRA is to maintain a supply "to be provided in the form of loans to agencies working on relief and rehabilitation activities until such time as other sources of relief supply can be mobilized." It establishes a Food Security Reserve Board composed of the RRC Commissioner, the Ministers of Trade, Natural Resources, Finance, External Economic Cooperation,

Planning and Agriculture, and the manager of the EFSRA. The Board is supported by a Technical Committee chaired by the EFSRA manager and composed of representatives from the AMC, RRC, Ministries of Natural Resources, Planning and Agriculture, and three donor representatives.

The Board is tasked with setting overall policy, including build up of and draw downs from the Reserve, but upon the recommendation of the Technical Committee. The recommendations of the Technical Committee will be forwarded to the Board by majority vote and two-thirds attendance constitutes a quorum. Obviously this could allow actions to be recommended and approved without donor input, but such actions would only serve to jeopardize the future viability of the Reserve by once again causing donors to withdraw their support. One interesting twist is that the General Manager can be authorized by the Board to approve loans without Board approval up to a ceiling established by the Board, subject to approval of the Technical Committee. This authority will ensure speedy responses from the EFSRA to acute emergencies.

Generally, donor agencies, including USAID, WFP, the Canadians, ODA, are supportive of the new EFSRA as it has been structured. The present design has taken into account specific concerns and suggestions made by the donors over several months of discussion. While abuse is always possible, the new structure and the more positive thrust of the current regime offer reason to believe the structure can be relied upon the work as intended. The history of relief operations over the last several years clearly shows the need for such a reserve. While it is not intended to serve as a price stabilization mechanism, the knowledge that a sizable food aid stock is available, controlled by reliable mechanisms, should have a steadying affect on vulnerable populations.

## V. EXTERNAL PROGRAMS THAT AFFECT FOOD SECURITY

This section looks at donor and other assistance to Ethiopia which impact food security. There is general agreement among the donors that assistance must be shifted as quickly as possible from an emergency to a more developmental mode and that this assistance must be carefully targeted to begin to reverse Ethiopia's downward spiral of poverty.

### A. Donor Programs with a Poverty Focus

Given the extreme level of poverty in Ethiopia, any assistance could be viewed as poverty alleviation; nevertheless, the World Bank has identified programs with a "poverty focus." These are defined as programs which make a direct difference in the lives of poor people, in the sense that they increase direct access of poor to assets, goods and basic services. (This analysis is for

assistance as of September 1991 and does not include participation under the ERRP.)

The following summary shows that approximately 12% of assistance programs for Ethiopia have a poverty focus:

DONOR	TOTAL	POVERTY FOCUS (\$ million)
IDA	847.1	81.4
ADB	622.8	38.6
Bilateral	1,161.0	133.2
EEC	256.9	20.4
UN	<u>287.9</u>	<u>111.2</u>
	3,175.7	384.8

The poverty focus programs represent a wide variety of activities and sectors:

IDA - roads, forestry, education, livestock, PADEP, small-scale irrigation, health, market towns and urban development,

ADB - SE rangelands, small-scale irrigation and PADEP,

Bilateral (Japan, China, Canada, Sweden, Finland, Italy) - food aid to peasant farmers, rural water supply, rural health, feeder roads, peasant dairy, MCH, PADEP, hospitals and orphans,

EEC - PADEP,

UN (UNDP, WFP, UNCDF, UNFPA, UNICEF, UNIFEM) - emergency food reserve, rehab of disabled, FFW soil conservation, small-scale irrigation, MCH, water supply and sanitation, rural and urban integrated services, disadvantaged women and children, integrated rural development.

#### **B. The Economic Recovery and Rehabilitation Program (ERRP)**

The World Bank-led ERRP was conceived as a way to get Ethiopia's stalled economy moving again. The analysis underlying the ERRP was simple and to the point: Ethiopia desperately needed foreign exchange to import the raw materials and intermediate goods needed to get the country's productive enterprises running at even minimal levels. Additional analysis indicated that some fundamental changes in the freight transport sector were needed if the projected levels of financing and imports were to be achieved. The TGE and all donors active in Ethiopia agreed on a financing framework in late 1991 and early 1992. Each donor undertook to define its specific contributions within the context of its own operating procedures. USAID's approach is discussed in the next section.

TGE expectations were that ERRP financing would begin to flow by March, 1992 and would continue until early 1993. Actual

disbursements were delayed; by end 1992, only limited progress had been made toward expenditure of the expected \$650 million.

The ERRP was expected to affect Ethiopians' food security in two ways. Imports of fertilizer and seeds funded by ERRP donors were to directly increase domestic food production in 1992 and 1993. Indirectly, ERRP was to have an effect on households and individuals through the use of raw materials and intermediate goods to create (or sustain) employment and incomes. Fertilizer imports were somewhat later than expected and AISCO's distribution mechanisms were substantially less effective than projected, but the production impact of the ERRP fertilizer actually delivered to farmers was significant. No assessment can be made from currently available data on the impact of ERRP imports on employment.

### **C. USAID Programs Affecting Food Security**

USAID/Ethiopia has a long history of direct relief feeding in Ethiopia. Between 1987 and 1992, an average of 175,000 MT tons was provided by the U.S. for emergency relief and rehabilitation purposes and other community-level support. This assistance, programmed through Title II, has been continued to date.

In 1992, a Title III agreement was signed with the Transitional Government, signalling a change in U.S. strategy with regard to food assistance. First, food commodities were provided directly to the government as balance of payments assistance in support of policy and institutional reforms in the food marketing sector. All previous food aid had been channelled through the private voluntary community. Second, non-food commodities were provided to support the textile sector, the single largest employer in the formal sector, in an effort to sustain employment and incomes (and thus the capacity of people to purchase food supplies in the newly-liberalized food markets). Third, the Title III program was a multiyear agreement. This increased the ability of the TGE to count on a certain amount of assistance without declaring an annual food emergency.

USAID also participated in the ERRP design and negotiations, developing a sector support program which focussed on increasing private sector participation in market sectors felt to be important to increasing agricultural production and productivity--and the food supply--in Ethiopia. Cash transfers are to be made in three tranches against evidence that the TGE has accomplished specific policy and institutional reforms relating to the functioning of the fertilizer and freight transport markets in Ethiopia. Among the expected uses of the dollars are financing imports of fertilizer and trucks.

The effects on food security in Ethiopia of these three initiatives together are expected to be:

- continued provision of free food supplies to the truly needy--the displaced, those with inadequate purchasing power even to meet basic needs, and children and women especially vulnerable to malnutrition;
- expanded food supplies for the country as a whole--thus more availability of food to consumers;
- greater incentives to producers to increase production both for consumption and sale--better farmgate prices, more access to fertilizer, more access to competitive transport, and more access to foodstuffs not produced on their own farms;
- modestly expanded employment in the textile sector--thereby increasing increasing purchasing power of consumers to take advantage of increased production; and
- food prices for consumers lowered both through greater competition in the transport sector and through more competition among private traders in supplying major markets.

#### D. Non-Governmental Organizations (NGOs)

Overview: U.S. Government supported food programs are concentrated in drought prone areas in Borena, Gondar, Hararghe, North Omo, Shewa, Tigre and Wello. Implementing partners' commitment to alleviating poverty and malnutrition and links to communities have simultaneously provided the capacity to mitigate the affects of cyclical drought conditions while initiating development activities including agriculture, health care, nutrition, reforestation, and water. Additional benefits are reaped as NGOs provide further assistance through early warning systems, infrastructure development, and training.

During calendar year 1992 the U.S. is supporting a combination of relief and development activities using P.L. 480 Title II and Section 416(b) resources. Commitments for relief activities totalled 212,794 MT. The programs are being implemented through the Relief and Rehabilitation Commission and seven NGOs: CARE, Catholic Relief Services, Food for the Hungry International, Save the Children Federation/USA, and World Vision Relief and Development. Title II multi-year regular development programs are being implemented through one indigenous NGO--the Ethiopian Orthodox Church--and five international NGOs (CARE, CRS, FHI, SCF/USA, and WVRD). NGO Title II regular programs authorized for implementation in FY 1993 total 32,332 MT.

See annex D for detailed descriptions of current USG food aid support.

## VI. A CONCEPTUAL FRAMEWORK FOR ADDRESSING FOOD SECURITY

Given the emergency and chronic food security problems that Ethiopia has experienced throughout the past decade and into the 1990s and the important linkages between food security and development as well as political and social stability, improvement of food security may be a reasonable strategic objective for the Mission to pursue. The team put together a modified objective tree to examine the linkages between food security, selected targets, outputs and the mix of DFA and PL480 resources necessary to achieve the identified objective and targets. We are not suggesting that the Mission undertake all of the targets but rather to reflect on the actions that would be necessary to address the immediate, short-term and intermediate food security challenges facing Ethiopia and its vulnerable groups. We did not start from scratch, as the Mission is already investing substantial resources in food security through its current Title II emergency, Title II regular and Title III programs.

As a strategic objective, improvements in food security would contribute to several goals including ensuring political and social stability as Ethiopia transitions to a democratic and free market society, providing an environment for economic growth and improving the human capital resource base. The five targets selected reflect a continuum of food security needs. On the far left side of the objective tree is the target that focuses on emergency food needs of the extremely and highly vulnerable groups. The target however, adds a dimension--to reduce dependency--which will be very important over the next two years in order to decrease the numbers of people that rely exclusively on food aid. Subtargets include improving targeting and timing of relief interventions and improving the self reliance of those groups dependent on food aid. Actions would include strengthening the planning, early warning, and management capacity of TGE, NGOs, and USAID. Another action includes contribution to the food security grain reserve which is an important mechanism for improving the timing of an emergency response.

Moving to the right on the objective tree, the next target includes increasing income of those groups who are not emergency victims, but who, while poor and food insecure, have some limited access to productive resources. Subtargets include establishing and supporting targeted entitlement programs such as the urban voucher safety net program, targeted MCH programs, and increased incomes through government and NGO supported labor intensive public works programs as well as expanding jobs within the private/commercial sector.

The next target is more development-focused on getting agriculture moving. Subtargets include increasing capacity for agricultural-economic policy analysis and improving agricultural productivity. This target would basically focus on farmers who have access to

some assets and support market development, security of assets, improved technology, and targeted infrastructure development.

The two last targets--functioning markets and fertility rate declines--have major impacts across the other targets and will ultimately impact on longer-term national level food security objectives. Improvement of functioning markets, eg. food, labor, transport, will include both support for a policy environment that leads to market liberalization and also complementary interventions that lead to successful implementation of the reforms, eg. better information for producers and consumers. With a rapid population growth rate of 3.0%, food production in 1992 had to increase by 200,000 metric tons just to keep up per capita supply even with the year before. Decreasing fertility rates will take pressure off the continuing division of land and lead to better nourished children as birth spacing increases.

The attached charts (annex E) detail types of inputs that are needed to carry out a program as described in the objective tree and identifies source of funding.

## VII. FOOD AID AS A COMPONENT OF A LARGE FOOD SECURITY PROGRAM

### A. PL 480 Title II Overview

USAID as well as the NGO community in Ethiopia strongly supports the direction the government has taken with regard to programming of food aid resources. There is little debate that free food distributions have not served the poor well. As indicated by the data cited above, Ethiopia is increasingly impoverished. Free food aid may mitigate the impact of this gradual slide but does nothing to stop, let alone reverse, the trend. Focus therefore should quickly shift to a more efficient and effective use of resources. Labor intensive public works programs identified by the Bank and WFP provide an attractive alternative for food aid programming. Community level participation in both the design and implementation stages is an important element of these programs.

A great deal of momentum has built up behind the public works concept. It is important that this direction be encouraged; however, an abrupt shift to a nation-wide FFW program would be impossible to implement. A phased, regional approach stands a much better chance of success.

Government capacity to manage a community based, employment generation scheme is a long term goal. Implementing agents of the government (RRC and the Ministry of Agriculture) have stated a desire to design public works development programs on a "bottom up," community basis; however, neither institution has a real history of engagement at the community level. The concept of

community participation in public works will take some time to filter through the bureaucracy to the field level. Further, there are areas of the country (notably the south and east) where government institutions are poorly represented, if at all.

Similarly, NGOs will need to reorient their focus. Historically, NGOs in Ethiopia have played the role of operational partners of "the system." They will need to become more engaged with the communities in which they are working. As with the government institutions, relationships with the communities will take time to develop.

The technical capacities of government and NGOs need to be strengthened in order to successfully design and implement public works programs. NGOs point out that it is possible to provide "off the shelf" projects in some areas where they have been working for 4-5 year, while it would be almost impossible in relatively unknown areas.

The communities themselves are in a general state of confusion. The old Peasant Association structure has broken down and a new system has not yet been formed to replace it. The possible exception to this is Tigray, where there is a long history of cooperation and ethnic cohesiveness. Many believe that the government may be extrapolating too far from Tigray experience.

Differences among vulnerable groups and regional variations in the root causes of food insecurity suggest that any nation-wide, generic plan would have very limited success. While the WFP and Bank proposals provide a good model, a broader approach is necessary. Programs should evolve from real experience in particular areas with particular groups. This will require a willingness on the part of government, donors and implementing partners to experiment with a mix of interventions including food for work, cash for work, monetization (macro and/or micro level) and free food distribution when and where appropriate.

B. Recommendations for Redirecting Programming of Title II Resources

In recent years the focus of the USG's P.L. 480 Title II food program has been to maintain modest regular free distribution programs in drought prone areas while simultaneously providing sizeable commitments in response to annual emergency appeals for relief and returnee needs. Title II has been the source of funding for commitments through U.S. and indigenous private voluntary organizations' (PVOs') and the World Food Program (WFP). A major shift in these relationships occurred in FY 1992 when a Title II agreement was negotiated with the RRC to implement a relief direct distribution program.

While developing new directions for USG food program commitments several principles have been established: 1) the development impact of food aid should be enhanced to the extent possible; 2) food aid resources should be programmed consistent with a food security based strategy; 3) individual project activities should be consistent with the TGE's policy to move from relief to employment based activities, and 4) movement from relief to development should be paced to allow sufficient time to enhance project design and implementation capacity.

An examination of the structure of Title II, eligible implementing partners, programs category types and authorized uses of funds is essential to redirecting the thrust of the USG's food aid program.

- Title II states that a minimum of 1.975 million metric tons of grant food aid should be provided in support of regular/development and relief programs.
- A subminimum within Title II is structured to direct 1.7 million metric tons through PVOs, cooperative development organizations (CDOs) and WFP for regular development programs; whereas the remaining 275,000 metric tons is intended primarily for relief purposes.
- Eligible implementing partners for regular programs are restricted to PVOs, CDOs and WFP; whereas, relief programs may be implemented through PVOs, CDOs, WFP and governments.
- Title II regular program commitments to WFP are made through a biennial dollar pledge. Project activities supported by pledge commitments include development projects and Protracted Refugee and Displaced activities. Use of donor pledge resources for specific country projects is determined by WFP.
- Title II is a grant authority which supports commitments of commodities and funding for ocean transportation. In the case of land-locked countries funding is provided for overland transport to designated points of entry. Internal transportation, shipping and handling costs may be funded in several ways: 1) hard currency commitments to pay ITSH costs for emergency programs (sourced from the general Title II account); 2) hard currency commitments for regular program ITSH (sourced through Title II Section 202(e) which is restricted to \$10-13.5 million a fiscal year); 3) local currency commitments for both regular and emergency programs (sourced through monetization of Title II commodities).

#### DISCUSSION

Approximately 81 percent of the Ethiopia FY 1992 Title II

commitments to NGOs and the RRC was distributed through relief free distribution programs. The remainder was made up of 5 percent regular free distribution (MCH, etc.), 11 percent FFW and 3 percent monetization, all through NGOs. Over the course of the FY 1993 to FY 1995 period the team recommends redirecting the USG's Ethiopia Title II food aid program in terms of the balance between relief and regular and the choice of implementing partners. This will be accomplished by: 1) gradual reduction in relief free distribution programs; 2) introduction of FFW and monetization (including targeted interventions) programs into relief activities; and 3) increase in regular MCH, FFW, cash for work and monetization programs. The team recommends that by FY 1995 at least 50 percent of the Title II resources for Ethiopia be in the form of regular programs.

The team recommends that the USG support expanded NGO MCH and FFW activities, conversion of NGO relief activities to FFW and expansion of NGO FFW activities into new areas. This approach will have multiple benefits beyond encouraging and increasing self-reliance. International NGOs offer many years of experience and technical expertise. Existing NGO regular program activities include technical assistance (TA) and training components which enable international NGOs to strengthen capacity of their implementing partners, i.e. indigenous NGOs and communities. Improved physical infrastructure is an output of the FFW itself. There is a cost associated with the aforementioned benefits and consideration must be given to sources of funding for administrative costs, complementary inputs, and additional TA. Finally the movement from relief to regular limits funding options for internal transportation, i.e. ITSH. When Ethiopia officially becomes a landlocked country, portions of these costs will be automatically covered under Title II; nonetheless, alternative funding sources must be identified for the residual amounts. NGO monetization activities should also be considered to provide cash for work, complementary inputs, funding for administrative and ITSH costs.

In order to reinforce and strengthen the relationship between the USG and the TGE and encourage national self-reliance the team recommends continued Title II emergency inputs through the Relief and Rehabilitation Commission. Initially FY 1993 commitments should be targeted for relief FFW activities. As the transition is made to regular FFW programs between now FY 1995, direct commitments to the TGE are not possible; therefore, commitments should be made through WFP to the Ministry of Agriculture, RRC and other ministries as appropriate. This will preserve the USG's position of support for the TGE while working within the framework of Title II. Since the Title II biennial pledge commitments to WFP are not earmarked, the USG will have to advise WFP of its interest and support for Ethiopian FFW projects while acknowledging that shipment and delivery of US commodities is not guaranteed.

There are additional benefits associated with redirecting significant portions of the USG supported programs into regular development programs. The longer term planning associated with regular programs should lead to improved program design and targeting, improved management of commodity pipelines, better use of physical infrastructure, i.e. ports, roads, trucks etc.

#### OPTIONS FOR REFUGEE FEEDING

Classic refugee camp situations will probably continue to exist in Ethiopia (at a total size of about 100-200,000 population) for several years. These will likely be supplied in the usual manner, i.e. free food distributions by WFP. A more interesting and even promising option is the "cross-mandate" approach to providing care for refugees/returnees (among other groups) on a community basis. Under this concept, UNHCR would no longer address itself to the refugees as a distinct group. The rationale for this is that a) it is no longer possible to distinguish refugees from their equally distressed neighbors in such situations; and b) even if they could be separately identified, treating refugees as a special group would only create resentment.

The key to a successful adoption of such a strategy is to find some agency, probably a UN agency, which would take the lead role on either representing the UN system or creating a joint UN office. (To some degree the UN/EPPG has done this in the past year in the Ogaden.) More critically, it is necessary for several UN agencies to pool their resources and contribute both funds and personnel to a common effort. This has not yet happened in Ethiopia, and prospects for it cannot be described as promising.

#### C. PL 480 Title III - Issues and Options

##### BACKGROUND

PL-480 Title III is a particularly flexible resource that can meet multiple needs. With creative programming, it can meet multiple objectives, greatly enhancing a strategic food security approach by strengthening and reenforcing an overall mission approach. Some of the unique features that makes Title III a valuable tool in a situation in Ethiopia relate to its features as grant agricultural commodities with several programming options.

1. It is provided as a grant to the cooperating country.
2. It provides balance of payments support (BOP) for needed consumer goods.
3. A range of commodities are available for programming.
4. Local currencies may or may not be generated, according to preference. However, the commodity is "monetized" and revenues are

generated.

5. It is stable, with multiple-year commitments.

6. Policy reform conditionality is an essential (e.g. required) feature.

The primary purposes of Title III are to provide balance of payments support and to support policy reforms that lead to strengthening of the private sector, particularly in the food and agriculture sector. Therefore, by selecting the proper mix of commodities, selecting critical policy reforms in the food and agriculture sector and judicious use of local currencies make Title III a potentially powerful tool. Because of its balance of payments support feature, grant nature, and its multiple-year nature, it is a program highly desired by most governments including the TGE.

#### PROGRAMMING OPTIONS

1. Commodity mix: The USAID/Ethiopia selected cotton, wheat and edible oil because the government expressed an interest in these commodities and because they seemed to serve the mission's program objective of increasing food security by supplying food and providing employment. It was also felt that reforms related to those commodities were needed in marketing and "deparastatalization." In the upcoming Annual Performance Assessment, the commodity mix should be reexamined in the light of government performance and needs of the market. A study of the cotton production and milling sector will be undertaken by the mission which should help answer question about whether it is advisable to support a public sector industry that may be highly inefficient just to support employment, or whether the limited dollar resources would be better used to support a more focused food security strategy which would maximize the importation of wheat or other food grains. Market regulation may also be an objective for some commodities that are important in the diet but are in erratic supply with fluctuating prices. If the food security objective were to maximize local revenues from sales, then other commodities may be more desirable. These commodity mix questions should be closely examined in the light of clearer focused food security strategic objectives and if warranted, the commodity mix of the existing Title III program modified accordingly.

2. Policy objectives: As the mission tightens its strategic focus, and reviews government performance on the policy agenda, it may want to review the agenda in light of these new objectives. It is clear that market reform is essential and it is being pursued by the government at a rather rapid pace. With a tighter focus on food security, the mission may want to "shift its sights" slightly to target binding policy constraints in the next round of reforms.

Land reform has often been cited as a structural impediment to agricultural growth, for example. Title III, however, is usually more effective as policy reform when targeted on the food system itself. Additional reforms in the food marketing system such as liberalization of imports through commercial channels may be desirable. In that case, the program itself can be used to strengthen or broaden the private sector by requiring that the Title III be tendered and imported, sold and distributed by the private sector. This approach would eliminate the parastatals from the market and allow them to "shrivel" more naturally. These issues should be reviewed during the annual assessment.

3. Local currencies generations. One of the blessings of Title III is that it is not required that the government generate and account for local currencies. This makes it much easier for a small mission to manage the program. But the pluses of local currencies are that it can greatly strengthen a mission's hand in directing resources toward priority areas that coincide with a food security program. The relative pain of managing a local currency account should be weighed against the mobilization of resources for specific programs and the relatively great flexibility that unaccounted for local revenues generated from Title III sales accrue to the government. For example, the mission may want to " earmark" a proportion of local currencies to support the local costs of NGO's working in food security program. The more stringent the program becomes in generating and accounting for local currencies, the less appealing it is for the government, thus reducing in some cases their eagerness to undertake policy reforms in exchange for Title III balance of payments support. These questions should be examined during the assessment.

Annex A

ESTIMATES OF SPECIAL VULNERABLE GROUPS

AREA	Refugees	Returnees	Displaced	Returnee	Demob. Soldiers	TOTAL ***
Hararghe	*200,000	*200,000	*100,000			500,000
Ogaden	*200,000	*250,000	* 50,000			500,000
Gambella	18,000		2,245	28,000		48,245
Wello/ Tigray			71,000	180,000		251,323
Shewa			147,219	68,104		215,323
Addis			** 40,000			40,000
-					400,000	400,000
	418,000	450,000	410,464	276,104	400,000	1954,568

\* Rough, rough estimates

\*\* These are the ones living in shelters. There are probably more living with relatives in Addis.

Note: IFRC has identified an additional 50,000 displaced, returnees, demobilized soldiers, drought-affected living in Negelle (Sidamo).

## Annex B

### Issues regarding labor based public works programs

#### Ethiopia Specific

1. Land tenure - in order to be sustainable, many development activities envisioned under the public works schemes will depend on land tenure rights. The current transitional government does not intend to address land reform, arguing that this complicated and sensitive issue should be the mandate of an elected government.

2. Government capacity - a mid-term evaluation (May/June 1989) of WFP's ongoing food for work project (2488) concluded that the "improvement of the technical, managerial and logistic capacity of the Government was an essential prerequisite to the achievement of any quantitative and qualitative improvements in the project." Restrictions in government capacity were confirmed by a joint WFP/FAO mission in October/November 1990.

3. Technical assistance - both WFP and the World Bank concede that significant technical assistance will be necessary for participant training, project design and implementation. Both the Bank and WFP would rely on the line ministries to provide this expertise. As indicated above, the Bank believes that adequate expertise exists in the technical ministries. This assumption is questionable given the magnitude of the two programs.

#### USG Related

1. Intermediaries for assistance - the USG's relief programs heretofore have been implemented primarily through NGOs. The USG also supports "regular" MCH, FFW, and other child feeding programs through these same PVOs. Contributions directly to the TGE or through WFP would constitute a major shift if US policy. P.L. 480 Title II may be provided through PVOs and WFP for development and emergency purposes; however, bilateral development (i.e. regular) assistance cannot be provided to the TGE through P.L. 480 Title II.

2. USG biennial pledge to WFP - the USG's pledge to WFP's 15th Biennium (1993-1994) target permits WFP to determine country allocations in support of development and protracted emergency activities. Once pledged, the USG does not control allocation of its resources. The question of "earmarking" arises.

3. Internal Transport - P.L. 480 Title II hard currency funding of internal transport costs is legally restricted to emergencies. Local currencies generated through monetization may be used to pay internal transport costs for both development and emergency programs.

Other Conceptual Issues, drawn from an article prepared by Simon Maxwell "Next Steps in Food for Development" June 1992

1. Identifying the food insecure - For purposes of targeting and design of FFW programs identifying the food insecure is complicated by the seasonal and yearly variations in a given household's food security status and the range of mechanisms available to that household to cope with these variations.

2. Targeting the poorest of the poor - There are two basic strategies: self targeting, where wages are set below the "normal" wage rate in order to make the FFW program an employer of last resort; and administrative, where peasant association leaders are assigned the task of selecting who may participate in FFW schemes.

Each of these strategies can be problematic. For the self targeting model, these problems include: a constant source of good data on wage rates and the value of food, both of which will vary from to place and over time; the likelihood that FFW projects will attract workers who live close to the site and can fold FFW activities into their daily routine; and the fact that if the program genuinely is employer of last resort, it will provide the poorest with a sub-minimum wage, forcing them to use coping mechanisms (thus defeating the main purpose of the activity). For the administrative model, problems include: an increased administrative, management and monitoring burden; and increased likelihood of corruption/discrimination problems; and the possible creation of a "poverty trap," where there is no incentive to leave the program.

3. Cash or food for work - Cash is generally more preferable from an implementation and efficiency point of view; however, workers often may prefer food especially when the price of food is rising and/or when food may not be available for purchase in the market.

4. Work norms - Expected daily performance standards must be adjusted so that they are not so high as to be burdensome and not so low that they may attract workers other than the poorest.

5. Community commitment - A tightly target program may have the unintended result of undermining overall community commitment to a project. A related problem has to do with the creation of public goods and questions of who benefits from the FFW projects themselves. These types of issues will impact the programs' sustainability.

6. Seasonality - FFW programs must consider seasonal work patterns so that they do not compete with agricultural production labor needs. In Ethiopia, this is especially complicated because the hungry time coincides with the time when the need for agricultural labor is most intense.

7. Coordination of development inputs - For maximum efficiency, FFW programs should be combined with other development inputs.

## Annex C

### **An Analysis of the NDPPS**

The NDPPS was formulated in 1989 following a national disaster conference and designed to embrace all aspects of disaster management from early identification of disaster to implementation of contingency plans for mitigating impact on vulnerable sectors and groups of the population. A Strategy Outline was developed and fourteen research papers commissioned for the design and implementation.

The elements of the strategy are as follows:

- o Inter Ministerial Committee to coordinate governmental activities, chaired by the Prime Minister;
- o Emergency Famine Code that gives clear legal and administrative framework and guidelines for all government entities;
- o shift away from free rations as the main emphasis for relief to cash and food-for-work schemes using off-the-shelf projects to maintain entitlement in rural areas;
- o extension of retail food outlets to rural areas;
- o establishment of Food Security Reserve;
- o National Logistics Plan and;
- o establishment of a National Committee For Early Warning.

### **An Analysis of NFNS**

In 1986 a workshop was held at Alemaya University on food strategies and a proposal was developed to form a task force to draft a comprehensive food strategy for Ethiopia. Several workshops were held subsequently and a final draft prepared in 1987. The immediate outcomes were as follows:

- o the establishment of the Food and Nutrition Unit in ONCCP;
- o increases in producer prices;
- o liberalization of grain marketing.

A "final" version of the NFNS (recently termed FNS) was prepared for discussion with line ministries in the government in 1989 and was to be used in the development of the 1989-94 Five Year Plan and the Food Nutritional Unit (FNU) was to develop an operational plan

for implementation. It should be noted that currently a final-final version is now being completed by the TGE

The controversial aspects to the 1989 draft of the NFNS are as follows:

- o food self-sufficiency is the major objective and absent is any economic rationale for analysis to support it;
- o emphasis was placed on agricultural development priorities and resources for food surplus areas in Ethiopia;
- o liberalization of internal markets was overemphasized at expense of promoting external trade, macroeconomic environment and international competitiveness of Ethiopian agriculture including absence of marketing transportation issues;
- o lack of identification of vulnerable groups and ability to differentiate needs to prevent food insecurity
- o lack of sensitivity analyses in terms of failure to meet ag and other targets in the strategy, i.e. food output growth of 6.5%
- o maintenance of urban food subsidies and concomitant issues of targeting and finance.

## Annex D

### PL 480 Title II Programs (by PVO)

CARE: During 1992 the USG has provided CARE 19,623 MT (\$7.5 million) of P.L. 480 Title II resources for relief programs in Hararghe and Borena. CARE is also implementing Title II for development programs through FFW activities (soil and water conservation, road maintenance) in Eastern Shoa and public works in Addis Ababa under an approved 1992-1994 multi-year operational plan with 3,605 MT of FY 1993 resources targeted for FFW. Finally CARE serves as the lead agency for monetization of 7,619 MT of Title II vegetable oil to cover local currency costs of six other NGO programs.

CRS: During 1992 the USG has provided CRS 106,032 MT (\$30.9 million) of P.L. 480 Title II resources for relief programs in Hararghe and Tigre. CRS's primary counterparts for distribution of Title II relief contributions are the Joint Relief Partnership (71,032 MT, \$16.9 million) and Relief Society of Tigray (35,000 MT, \$14.7 million). CRS is also implementing Title II development programs in Eastern Hararghe, Southern and Western Shewa under an approved 1991-1993 multi-year operational plan with 10,768 MT of FY 1993 resources targeted for FFW (conservation, road construction), Maternal Child Feeding and Other Child Feeding. Finally CRS provides resources for the Missionaries of Charity in their efforts to reach the destitute.

EOC: EOC is implementing P.L. 480 Title II development programs in Ilubabor, Kefa, and Northern and Southern Shewa under an approved 1991-1993 multi-year operational plan with 1,381 MT of FY 1993 resources targeted for soil conservation, afforestation, nursery development, road and pond construction through FFW activities.

FHI: During 1992 the USG has provided FHI 2,070 MT (\$1.5 million) of P.L. 480 Title II resources for relief programs in Southern Gondor and Southern and Western Shoa. FHI is also implementing Title II development programs in Gondor and Shoa under an approved 1993-1995 multi-year operational plan with 1,261 MT of FY 1993 resources targeted for FFW (afforestation, agroforestry, conservation, water/health).

ICRC: During 1992 the USG provided ICRC 1,700 MT (\$613,700) of P.L. 480 Title II resources related to their activities in support of demobilized soldiers in Addis Ababa. The Title II commodities were used to repay wheat that ICRC borrowed from the Food Security Reserve.

SCF/USA: SCF is implementing P.L. 480 Title II development programs in Borena, Shewa and Addis Ababa under an approved 1993-

1995 multi-year operational plan with 1,789 MT of FY 1993 resources targeted for primary health care, agriculture, water, education orphans and street children.

WFP: WFP serves as an intermediary for UNHCR in order to resource commodities and provide transportation to camps. During 1992 the USG provided 36,000 MT (\$ 16.2 million) of P.L. 480 Title II and Section 416(b) resources through WFP for UNHCR refugee/returnee programs in Eastern Ethiopia.

WVRD: During 1992 the USG provided WVRD 11,460 MT (\$4.3 million) of P.L. 480 Title II resources for relief programs in North Omo, Shoa and Wollo. WVRD is also implementing Title II for development programs in North Omo, Shoa, Southern Shoa, Tigre and Southern Wollo under an approved 1990-1994 multi-year operational plan with 5,909 MT of FY 1993 resources targeted for FFW in the areas of environmental rehabilitation and health.

## Annex F

### Data & Information Management; Measurement of Program Impact

USAID Addis has three central data and information needs serving short-term emergency and medium-term developmental and programmatic concerns as follows:

- o famine and early warning;
- o development and program impact concerning agro ecological potential, vulnerability assessment and public works, cost/benefit analyses and;
- o support Mission policy dialogue with TGE and donors on wide array of micro and macroeconomic policy issues.

The team proposes USAID consider the following data and information requirements:

- o the establishment of a Management Information System (MIS) and data base focussed on food security issues in Ethiopia;
- o expansion of the role of the Famine Early Warning System (FEWS) Project in USAID Addis to support vulnerability mapping, targeting and monitoring aspects Mission food aid and development program;
- o proposing to the TGE and donors that a rural and urban household budget, consumption and income survey as part of establishing a baseline to measure program impact and;
- o consider proposing and funding in concert with the TGE and other donors alternative survey methods, using remote sensing techniques and area frame sampling, to undertake the annual Ethiopia crop assessment next year as CSA apparently will not be able to undertake this activity as it conflicts with carrying out the national population census.

### Discussion

#### MIS and FEWS

As the Mission's program moves away from relief to development, there will be a requirement to indicate how it will monitor progress towards its country program and strategic development objectives and demonstrate impact. The Mission needs to consider at the outset, how it will approach targeting a new food aid program for USAID in Ethiopia, monitor progress and evaluate the development impact of the program. This requirement will be outlined during the drafting of the Mission Concept Paper in 1993.

If the Mission program chooses a food security framework or strategic objective as part of the Concept Paper, a baseline will need to be established to measure progress against program objectives and assess impact. This may require data to be collected or monitored and information concerning trends in aggregate or household level food production, consumption or trade. At a minimum, data and information concerning targeting of assistance and monitoring the impact of vulnerable groups, of AID and TGE policies and programs on national and household food security through changes in income, the natural resource base and environment and vulnerability mapping of households or groups at risk will be required.

AID's Famine Early Warning System (FEWS) Project has been collecting a variety of types of data in Ethiopia for use in its assessment of famine vulnerability. These are mostly secondary data sources including agricultural production, price and other socio-economic data combined with remote sensing data. Vulnerability is assessed using a convergence of indicators approach using these data sources in conjunction with field visits to ground-truth data and analyses. The FEWS orientation, as is the case with TGE Relief and Rehabilitation Commission's (RRC) Early Warning System, has been primarily used to forecast potential vulnerability problems by geographic areas. Other indicators such as nutritional status are used a lagging indicator for fine tuning by targeting geographic location and socio-economic groups.

With the movement away from relief and free food distribution in Ethiopia, the issues concerning targeting regions and vulnerable socio-economic groups will become more complex requiring a combination of timely and appropriate relief and development interventions. A more comprehensive data and information base will be needed to fulfil these program requirements on a time sensitive basis. These will be necessary for early warning forecasting purposes, i.e. identify and intervene earlier in the process before a crisis occurs and with an appropriately targeted relief or development intervention.

The FEWS Project has the ability to develop a more comprehensive and integrated data base that can be used for development as well as the traditional early warning purposes. The Sahelian countries and USAID's with longer experience have begun to use the developmental and food security aspects of FEWS. It is proposed that USAID Addis consider this expanded role for FEWS in establishing a Mission Management Information System (MIS) as the linch-pin in monitoring and evaluating its program as it transitions from food-aid to development. This type of developmental approach for FEWS could be used to enhance the capacity of the RRC to target more effectively its programs as well as the NGOs.

The proposed expanded activity could be supported by the Africa Bureau ARTS Office (AFR/ARTS) with technical assistance from Tulane University and the United States Geological Survey (USGS) in developing an information system and data base with appropriate software including data base managers, and training. Most data sets are already available in electronic or digitized format and would not require additional resources.

#### **Rural/Urban Household Budget Income and Consumption Survey**

USAID, World Bank and other donors have recommended that a detailed household budget, consumption and income survey be carried out in Ethiopia to serve a variety of immediate information and analytic needs. The Mission, through the U.S. Bureau of the Census (BUCEN), could provide the necessary technical assistance to design a questionnaire and data processing services and training. BUCEN has developed a prototype instrument that is quick and inexpensive that works off of the Population Census sample frame and includes updating consumer and producer price indices.

This type of survey would greatly facilitate knowledge on poverty and food security issues for USAID, TGE and other donors program and provide a sound basis for policy dialogue and program actions.

#### **Annual Crop Forecasts and Assessments**

During the Food Aid Team's discussions in Addis, it came to our attention that the TGE Central Statistical Service (CSA) apparently will not conduct its annual crop assessment next year..and possibly longer. CSA will be fully occupied with the enumeration of the Population Census necessary for the holding of elections in the near future. This could leave Ethiopia without adequate early warning information and at risk to a famine crisis.

USAID Addis may wish to consider alternative means that could provide the annual crop assessment and forecast. One means is using a technique called area frame sampling and involves using remote sensing data to estimate crop growth and potential yields. While not perfect, it may an acceptable substitute for CSA estimates.

## Annex G

### TRANSPORTATION

Numerous studies over the last several years have detailed the constraints binding the transport sector in Ethiopia. They have cited limited rural road infrastructure, inability to access hard currency to import spare parts, unrealistic tariff structures and government controlled owner-cooperatives (ketena) which have combined to prevent this sector from meeting transport needs within the country. As a result, marketing of farm surpluses is difficult and expensive and donor efforts to deliver relief commodities are seriously hampered.

Road transport in Ethiopia is controlled by the Ethiopian Freight Transport Corporation (ETFC) which sets tariffs and regulates the national transport fleets. ETFC owns and operates its own fleet of 800 long-haul trucks and closely regulates and controls the 3,700 "private" truck operators. Private operators are organized at the regional level into cooperatives under what is known as the "ketena" system. Among other controls, the ketena system assigns individual truck operators to specific areas or routes of operation.

Before March 1992, transporters operated under a tariff structure established by ETFC in 1978. Because this tariff system had not been adjusted in the intervening years, transporters were operating at a loss on many routes. While it is true operators were able to negotiate their own tariffs in recent years, revenue was seldom sufficient to cover maintenance and depreciation. As a result, private long term investment in the transport sector declined dramatically.

One major constraint to private investment has been and will continue to be access to foreign exchange. Even in a liberalized operating environment, increased revenue will not be sufficient to enable transporters to buy the new vehicles, tires and spare parts needed to up-grade and maintain their fleets. This concern has been a major focus of the World Bank's ERRP effort and will be discussed below.

The constraints affecting the transport sector have been a major focus of donor discussions with the transitional Government. Donor concern with food security issues as well as broader economic development have given urgency to these discussions. In response, the TGE has taken a number of actions over the last few months to address the problems facing the transport sector. In March, 1992 the government announced a 70% increase in tariffs rates and its intention to totally deregulate tariffs after December 1992. In May, 1992 the TGE announced that private investors would be allowed to import new vehicles duty free from April through December of that year. (Disappointingly, almost no entrepreneurs have taken

advantage of this allowance. While it is not clear what is behind this hesitancy, Ministry of Transport officials speculate it is due an inability of private transporters to access the needed capital.) The TGE has also committed to the World Bank to change ETFC from a regulatory to a commercial entity and to abolish the ketena system, although unfortunately little action has been taken on these last two points.

In response to the TGE's initiatives, and under the World Bank's Emergency Recovery and Rehabilitation Program (ERRP), donors have committed to make \$24.8 million in hard currency available to the private sector over two years to support the importation of trucks for Ethiopia. The USAID contribution to this effort is \$10 million under its Developing of Competitive Markets (DCM) program. Assuming an average purchase price of \$110,000, the ERRP effort may bring as many as 225 new trucks into the country. The ERRP program is also providing \$32 million to support the importation of spare parts and tires for existing vehicles. The USAID contribution to this effort is \$5 million under the DCM program. These program will hopefully give a major boost to the private transport sector in Ethiopia. It may have been expectation that this program was coming on stream that discouraged private investors from using their own foreign currency holdings to bring in trucks under the government's duty free program.

It should be noted that the Swedish government is also sponsoring a program under which 100 new trucks will be brought into the country over two years to be leased for purchase to private operators through the RRC. This interesting program is just now getting under way and will be closely watched by other donors and the TGE. Up to now TGE officials have been strangely hostile to the idea of lease/purchase proposals. Donors have been pushing this option as an ideal way to privatize existing, aging fleets to operators which may not have access to sufficient capital to buy vehicles straight out, but have had little success selling the idea to government officials.

The numerous initiatives underway in the transport sector will hopefully go a long way to increasing its efficiency. Additional vehicles on the road, both through imports and repairs made possible by making spare parts available will have a significant impact. Perhaps a bigger improvement will follow as existing trucks fleets are able to operate more efficiently following the dismantling of regulatory mechanisms such as ketena. The effects of partial deregulation are already apparent if one looks at the off-take rate from Assab port. In previous years, daily off-take from the port seldom went above 1800 MT per day. Since June of 1992, as major reforms took hold in the transport sector, daily off-take from Assab fluctuated between 2000 and 2,800 MT per day.

Restructuring of the various relief fleets in the country is also a serious issue for consideration. As large-scale relief

operations were initiated in Ethiopia following the 1984 famine, donors invested huge sums of money building up NGO and UN truck fleets to support relief operations. The NGO fleets currently total over 600 trucks. In addition, UNHCR and WFP operate fleets consisting of 205 vehicles and 290 vehicles respectively. The Relief and Rehabilitation Commission (RRC) also controls a fleet of trucks which nominally totals 971 vehicles--less than half that number is believed to be road worthy.

Donors have expressed growing concerns about the appropriateness of large relief fleets operating in the country while other components of the transport sector are moving toward privatization. This has been especially true with respect to the large fleets owned by UNHCR, WFP and RRC. For the last year, donors and the RRC have been discussing the transfer of the WFP fleet over to RRC control at the end of 1993 as currently agreed. This discussion has keyed on the determining an appropriate size for an RRC fleet and how some parts of the existing RRC/WFP fleets could be sold to private transporter. It is becoming clear that RRC has little intention of selling off large parts of the WFP fleet before it gets its hands on those assets. The RRC argues strongly that some level of transport capacity must be maintained by NGOs and the RRC to deal with emergency relief needs. It cites current transport difficulties in the Ogaden as proof that transporters are not willing to go to the most difficult areas no matter what price is offered. This argument is not dismissed by donors, but it fails to address the broader point of what size fleet is appropriate. The failure of the RRC to address this issue is frustrating, but the situation is made worse by the slowness with which RRC is moving to sell its current, poorly maintained fleet.

Complicating the situation is the suggestion by WFP to transfer control of the UNHCR transport fleet over to WFP to conform with the recent UNHCR/WFP agreement under which WFP takes responsibility for food deliveries in refugee operations. WFP envisions a scenario in which the present WFP fleet, appropriately downsized, is transferred to RRC, which has sold most of its existing fleet. This new RRC fleet would meet legitimate logistical requirements of the RRC. At the same time, WFP would take over management of the UNHCR fleet, also perhaps down-sized, for use in Ethiopia and possible cross-border relief operations in Somalia and Sudan.

Given that relief needs will persist in Ethiopia for at least the medium term, and given that revitalization of the private sector will take two to three years to achieve, it is easy to accept the scenario WFP is tentatively setting forth. The earlier, more difficult issue remains: what portion of the existing relief fleets should be privatized? This issue remains unresolved and should be a major issue of discussion between the mission and the TGE in the coming months.

## Annex H

### Malnutrition

Widespread malnutrition has been documented in both nation-wide and more local surveys throughout Ethiopia in the last decade. Surveys in the 1980s revealed that on the average seven to ten percent of children under five years of age in rural areas were moderately to severely wasted and forty to sixty percent were under-weight. The most recent 1992 National Rural Nutrition Survey (covering 15,000 households) indicates that malnutrition, as measured by weight for age, has increased by approximately ten percentage points in the last decade compared to the National Rural Nutrition Survey in 1982. The levels of wasting and stunting are some of the highest recorded in recent African nutritional surveys.

Malnutrition is an excellent indicator of the overall well-being of a given area, reflecting both the food security and health situation. Malnutrition is assessed in most of these surveys by anthropometry using weight, height and age measurements for a sample of the under-five population. These measurements are used to construct indices, eg. weight for age, weight for height, height for age, which describe an individual's nutrition status compared to a standard well-nourished population. Chronic malnutrition, identified by height for age, reflects inadequate food intake and disease occurring over a number of years. Acute malnutrition, identified by weight for height (thinness), reflects an acute problem currently existing. High levels of wasting are usually associated with a serious food shortage or other emergency situation and require immediate attention or excessive mortality will occur. Weight for age measurements are a composite of both stunting and wasting.

The 1992 survey, which includes 22 administrative areas, excluding the pastoral areas of the Awash, Ogaden and Hararghe, shows extremely high levels of wasting in Tigray, Borena, Sidamo, Welega and East Gojjam. These high levels of wasting, between 10 and 14 percent, reflect current problems including drought and regional conflicts that are impacting on food availability and consumption. Very high levels of stunting are documented in the Northern areas of Tigray, Northern and Southern Gonder, Northern Welo and Northern Shewa, West Gojjam as well as Sidamo, Southern Shewa and Illubabor. Over sixty five percentage of the under-five population in these areas are stunted, reflecting consecutive years of low food intake.

Of interest is that stunting is highly prevalent below the age of one year, indicating undernourished mothers or other factors affecting early infancy, such as improper feeding practices. These geographic variations in stunting are shown in Figures 1, 2, and 3.

In terms of association of malnutrition with dominant agricultural products and source of income, high levels of stunting were

associated with coffee growers and were lowest among cattle raisers. This is not surprising since coffee growers are basically net purchasers of food on the market, and livestock raisers traditionally have good diets, based on grain and dairy products. Wasting, however, was found to be highest among cattle raisers, chat and other cash crop households. Although the diets of pastoralist are traditionally very good, many pastoralist are now experiencing serious drought and market disruptions. Where there are shortages of food and high food prices, those who have to purchase the majority of their food from the market will suffer the most. Among cereal producers there is a strong association between size of cultivated area and stunting or wasting of older children, 4 and 5 year olds.

The survey also shows some harmful infant practices including, late initiation of breastfeeding, non-exclusive breastfeeding with concoctions being offered to the infant at a very early age and the late introduction of complementary foods.

#### Mortality and Morbidity

Food insecurity and resulting malnutrition contribute significantly to the high levels of infant and child mortality in Ethiopia, with infant mortality at 139/1000 (CSA 1991) and under-five mortality at 236/1000 (CSA 1991). This means that approximately one out of five children ever born do not reach the age of five. Malnutrition is both the result of the large disease burden suffered by children and a leading cause of the severity of illnesses. Children under one on the average suffer 4-5 episodes of diarrhea. With each episode the child loses weight. Without adequate food for recuperation and catch-up growth the child becomes more malnourished and more likely to die from the next illness. The 1992 Nutrition Survey suggests that changing some very harmful feeding practices could decrease both malnutrition and diarrhea in the first year of life.