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The U.S. Government's Global Hunger & Food Security Initiative



GLOBAL FOOD SECURITY STRATEGY

ETHIOPIA COUNTRY PLAN

2019 - 2023

GLOBAL FOOD SECURITY STRATEGY ETHIOPIA COUNTRY PLAN 2019 - 2023

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Foreword by Ambassador Raynor

Global food security is a challenge that can only be met by investing in the ability of people to feed themselves. Ethiopia has made tremendous progress in reducing poverty and increasing food production, but with population growth of over 150 percent since the 1980s, these gains have not been able to outpace rising demand.

In recent years, the United States has provided several billions of dollars in food aid to protect Ethiopia's most vulnerable populations. We believe that every life saved is worth the cost. We also believe that making investments to help communities become more resilient to disasters and other hardships is the most sustainable and effective way to improve food security, and ultimately help millions of Ethiopians become self-sufficient.

Chronic food insecurity not only imperils millions of Ethiopian lives, but makes it more difficult to achieve Ethiopia's goals of inclusive democratic reform, broad-based economic prosperity, and lasting stability. That is why the United States is launching a new Global Food Security Strategy and investing over the next five years to support Ethiopia on its path to self-reliance, as part of our overall efforts to help Ethiopia achieve a prosperous and stable future.

Food security is a complex issue that requires a comprehensive approach that includes increasing agricultural productivity as well as building a diversified economy. Food security also requires investments in health, education, civil society, youth development, and infrastructure, including broad access to water and electricity.

Under our new Global Food Security Strategy, U.S. investments will support a multi-faceted approach that will address several key issues, including the following:

- Investments in agriculture-related industry, such as processing and packaging, will drive a broader diversification and transformation of the economy, accelerating economic growth.
- Some challenges, like drought, are unavoidable. But with 97 percent of Ethiopian farms reliant on rain, there is a tremendous opportunity to improve resilience by using smart irrigation systems to harvest and distribute the rain that Ethiopia receives.
- We will strengthen resilience and reduce the need for humanitarian assistance by helping vulnerable families better protect their assets like livestock, increase savings, and diversify sources of income while building and improving the utilization of community assets like productive watersheds, grazing areas and water sources.
- Nutrition is about more than calories. We will help more Ethiopians to gain access to the right mix of nutrients with a particular focus on ending the scourge of childhood stunting, which has placed a tremendous burden on the country's health and education systems for too long.

- Resolving land issues is also key. Smaller farm sizes lead to diminishing harvests and fewer opportunities for investment. We will work with policymakers to support land policies that will open the doors for new investments in Ethiopia’s agricultural sector.
- Technology that improves the cultivation, processing, distribution, and storage of food must be appropriate to the situation farmers confront. Investments in proper post-harvest storage and transportation of agricultural goods can help farmers avoid unnecessary loss or waste so they can reap higher profits from their produce.

At the end of the day, achieving food security is about more than feeding people. It’s about laying the foundation for their economic independence. When people no longer need to worry about where their next meal will come from, they can invest more in their children and communities. They can do more to build the bright future that all Ethiopians desire and deserve.

The United States stands committed to the achievement of that future. This Global Food Security Strategy is an important investment in making it a reality.

Michael A. Raynor
U.S. Ambassador to Ethiopia

INTRODUCTION

The Feed the Future (2019-2023) Country Plan for Ethiopia was co-written by United States Government (USG) interagency partners involved in food security and nutrition work after extensive consultation with stakeholders from government ministries, private companies, universities, research institutes, international and local NGOs, donors and international organizations and was given extensive review and commentary by USG interagency partners in Washington, DC. As a living document, it is intended to be updated as needed in consultation with those parties over time.

The Ethiopia country plan is informed by performance impact, and population-based data and analysis of the first phase of the Feed the Future initiative (2010-2015); program evaluations; market analysis of the targeted agro-ecological zones and socio-economic factors impacting poverty, nutrition and resilience; and stakeholder consultations. The strategy reflects changes that have already been made to programming in 2015-2018 as a result of the lessons learned from the first phase of the Feed the Future initiative. Key changes to the approach include: modifying the zones around urban centers of strategic importance; greater layering and sequencing of activities across technical areas of investment to deepen impact; and the addition of new cabbage and poultry value chains to increase female-led resiliency and income. The USG Food Security team at Post employs a Collaborative, Learning and Adaptation (CLA) approach using real-time information and analysis to monitor performance and adjust activities to maximize investments, and respond to emerging opportunities and challenges.

The Country Plan serves as an overarching framework for integrated food security and nutrition programming. Informed and guided by the Global Food Security Strategy (GFSS), the plan is intended to address the key drivers of food insecurity, malnutrition and poverty in Ethiopia. These key drivers stem from a complex set of underlying conditions that exist at the individual, household, community and system level. At the design and procurement stages, the targeting, results framework and program components will require further refinement to operationalize integrated and holistic approaches. Interventions at all levels will need to complement each other to sustainably tackle food insecurity, malnutrition and poverty. In particular, the most vulnerable and poor populations do not have sufficient assets, skills, and capabilities to move beyond subsistence farming. These populations need assistance to develop their capacity over time to participate in value chains so that they can earn viable livelihoods. As programming is refined through the design, procurement and implementation processes, selected value chains will explicitly prioritize inclusive growth and interventions will include support to the most vulnerable and poor populations to enable them to graduate into selected value chains and benefit from the livelihoods and market development activities.

Budget assumptions for interagency contributions to this plan reflect the FY 2017 level and FY 2018 President's Budget, based on information publicly available at the time this document was prepared. Out year budget assumptions reflect the FY 2018 and FY 2019 President's Budget. Any funding beyond FY 2017 is subject to the availability of funds, as determined by the President's Budget and a Congressional appropriation.



THE FEED THE FUTURE COUNTRY PLAN IN ETHIOPIA 2019-2023 A 20-YEAR VISION AND A 5-YEAR PLAN

Ethiopia has one of the fastest growing economies in the world but it is beset by severe challenges that have the potential to threaten its development gains. Chronic malnutrition, extreme poverty, rapidly growing and young unemployed urban populations, civil and political conflict, and intensifying droughts all strain the country's ability to provide for itself. More ominously, three of Ethiopia's neighbors (Somalia, Sudan, and South Sudan) are ranked among the most fragile states in the world.¹ Despite the challenges, the Ethiopian government's (GOE vision for the country is to become a lower middle-income country by 2025. Ongoing policy changes with regard to privatization emphasize Ethiopia's commitment to inclusive economic growth and self-reliance. As explained in its comprehensive Growth and Transformation Plan II (GTP II), while agriculture has long been the "main driver of rapid and inclusive economic growth and development," Ethiopia's goal is to become a global leader in the light manufacturing and service sectors.² The GOE also recognizes that ensuring optimal nutrition status is a critical component of realizing economic prosperity. The GOE National Nutrition Plan II (NNPII) provides a framework for coordinated and integrated implementation of multisector nutrition interventions to reduce chronic malnutrition by 2030 and integrates new initiatives outlined in the GTP II. Finally, in 2017, the GOE adopted a National Financial Inclusion Strategy (NFIS) that recognizes the contribution financial inclusion can make to GTP II and specifically the role of digital technologies

¹ Somalia and South Sudan are the two most fragile states in the ranking. Sudan is the seventh most fragile. Yemen, which could be considered a neighbor of sorts, is the third most fragile. Fragile States Index 2018 - Annual Report, The Fund for Peace.

² Government of Ethiopia: http://dagethiopia.org/new/images/DAG_DOCS/GTP2_English_Translation_Final_June_21_2016.pdf

in providing financial access to those living outside of urban centers. The U.S. Government’s GFSS recognizes and encourages the broader use of digital technologies to access financial services as a proven means of building resilience to withstand shocks, foster women’s economic empowerment, and improve agricultural productivity.

The U.S. Government shares the GOE’s goal of self-reliance and its vision for economic transformation in the country. It also reaffirms the commitment of the American people to help the people of Ethiopia improve their food security, health, self-reliance, and resilience. This Feed the Future Ethiopia Country Plan (2019-2023) outlines short-term programming that aligns with the long-term vision; an Ethiopia free of extreme poverty, hunger, and malnutrition. Through these investments the U.S. will enhance its own security by helping stabilize the Horn of Africa. It will also improve its commercial opportunities and diplomatic standing while demonstrating the generosity of the American people. In the longer term, these investments in Ethiopia’s growth and transformation will result in a reduced need for humanitarian assistance as the country becomes more self-reliant.

SECTION A: FOOD SECURITY AND NUTRITION CONTEXT

Ethiopia has made significant progress on food security and nutrition although challenges remain. This section provides a brief overview of the current food security and nutrition context in which USG investments are being made.



Poverty

Despite rapid population growth, Ethiopia's poverty rate fell from 56 percent in 2000 to close to 30 percent in 2011.³ Thus, there were 10 million fewer impoverished people in 2011 than in 2000 despite a population increase of over 20 million people. The World Bank and International Food and Policy Research Institute (IFPRI) credit agriculture growth as a main driver for the falling poverty rate, noting that poverty rates fell fastest when and where agriculture growth was strongest.⁴ According to IFPRI, increases in area cultivated, labor use, use of fertilizer and improved seeds, productivity (TFP) accounted for much of the 8.3 percent annual average growth in cereals from 2004/05 to 2015/16.⁵ However, future agricultural growth must come from productivity gains because agricultural land expansion is reaching its limits due to diminishing marginal returns. Fortunately, agriculture productivity can be facilitated by off-farm commerce and employment in agribusiness. Urbanization and the rise of the manufacturing and services sectors will also help lift many Ethiopians out of extreme poverty if strategic investments in agriculture, health, education, risk management, and governance are aligned.

Nutrition

Despite Ethiopia's great progress and improvement in health and nutrition over the past 30 years, poor nutrition remains a persistent challenge. In 2016, 38 percent of children under five were stunted and 18 percent severely stunted. Even the highest wealth quintile shows a stunting rate for children under five of 25 percent. Other nutrition indicators for children show that 10 percent are wasted, 24 percent underweight, and 1 percent overweight, while 13 percent of newborns are born with low birth weight, an indicator of inadequate nutrition among pregnant women. While undernutrition among women of reproductive age has declined from 30 percent in 2000 to 22 percent in 2016, the prevalence of women who are overweight or obese has increased from 3 percent to 8 percent during that same time period. Anemia is also prevalent among women of reproductive age (24 percent) and children under five (57 percent).⁶

The primary direct and indirect causes of malnutrition in Ethiopia include persistent food insecurity, poor dietary diversity, poor food quality/safety⁷, poor maternal and child feeding practices⁸, suboptimal hygiene and sanitation, cultural practices, and limited access to quality nutrition services. Fifty-eight percent of infants are exclusively breastfed, with 60 percent introduced complementary foods at the appropriate time. Only 7 percent of young children aged 6-23 months receive a minimum acceptable diet, and 14 percent of children 2-5 years old receive an adequately diverse diet, demonstrating low dietary diversity, a lack of nutrient-rich food consumption, and inadequate child feeding practices.⁹ Dietary diversity is insensitive to wealth; only 16 percent of children from the wealthiest 20 percent of the families eat a minimally acceptable diet. Lack of appropriate water, sanitation, and hygiene also contribute to poor nutrition and disease. Only 30 percent of rural households and 39 percent of all Ethiopians have access to a safely managed or basic source of potable drinking water. Just 7 percent of all households treat drinking water before consuming it. Only 7 percent of Ethiopian households use an improved toilet facility while 27 percent have none at all.¹⁰

3 Source: World Bank Overview: <http://www.worldbank.org/en/country/ethiopia/overview>.

4 Ethiopia Poverty Assessment, 2014, World Bank.

5 The Future of Ethiopia's Agriculture: Drivers and Scenarios. Dorosh, Paul et. al. Presentation at The Future of Ethiopia's Agriculture: Towards a Resilient System to End Hunger and Undernutrition. Addis Ababa. December 15, 2017.

6 Ethiopia Demographic and Health Survey 2016.

7 For example, Aflatoxin, which a number of studies have shown to be associated with stunting, is a problem in Ethiopia.

8 A persistent challenge is increasing the amount of animal source foods in the diet given that Ethiopian Orthodox Christians observe up to 250 fasting days per year (on these days they do not consume any animal source foods).

9 Ethiopia Demographic and Health Survey 2016 and JMP data (<https://washdata.org/data>).

10 Ethiopia Demographic and Health Survey 2016 and JMP data (<https://washdata.org/data>).

Gender Equity and Women's Empowerment

Women in Ethiopia are much more likely than men to face economic and social constraints. Based on the results of the Feed the Future mid-term survey, over 70 percent of women in the Feed the Future Zone of Influence between 2010-2015 were classified as disempowered according to the Women's Empowerment in Agriculture Index (WEAI) survey.

The domains which contribute most to disempowerment among women are (i) access to and decisions on credit and (ii) leadership.¹¹ Social policy, including land tenure, plays an important role in improving the food security, resilience, and health of families and communities. Additionally, there has been little improvement in socio-cultural norms related to gender equity. Women's many unpaid family and community responsibilities place a disproportionate labor burden on them while simultaneously making it more unlikely that children under five, adolescent girls, and women eat an adequate diet, receive health care, or accumulate savings they can draw upon during crises. Only about 40 percent of women in the country are literate, whereas about 70 percent of men age 15-49 are literate. Only 51 percent of females but 65 percent of males have ever attended school. However, the percentages are much closer among girls and boys under the age of 19, which would indicate improvements in recent years.¹² In fact, the 2016 DHS showed relatively little difference in primary school attendance by girls and boys. Girls are much more likely to be required to attend to work related to the household. For example, in 85 percent of the houses without water on the premises, it is the females in the family that normally collect the water.

Women are much less likely than men to work outside the household. While only 33 percent of women were employed in the 7 days preceding the 2016 DHS survey, 88 percent of men were employed in that time. In the 12 months preceding the survey about 50 percent of women but over 90 percent of men had been employed. The percentage of women who report owning a house is not much lower than men. However, the percentage who own a house and report that they own it alone as opposed to jointly is significantly higher among men than among women.¹³ Although the new Family Law (allowing daughters to inherit land) and the land certificate program supported by USAID (issuing a land certificate in both spouses' names) are steps in the right direction, women still have less access to land, credit, additional labor, and extension services, and they face more constraints in entering markets. These factors contribute to a 23 percent gap between household productivity in male and female headed households.¹⁴ Women are also only about half as likely as men to use a bank account or own a mobile phone.

Women generally marry much earlier than men. The median age at first marriage for women (age 25-49) is about 17 whereas for men it is about 24. While 58 percent of women marry before age 18, only 9 percent of men do so. However, the median age of marriage for women has been increasing slightly since 2011 and the younger cohort is now much less likely than the older cohort to have married before the age of 15. One concerning statistic is that 25 percent of women were attending school at the time that they first married and 75 percent of them stopped going to school after they married.¹⁵

Resilience

Despite Ethiopia's substantial investments in national, community, and household resilience, the improvements are not sufficient to mitigate the magnitude of pervasive climate (particularly drought), environmental, health, and political shocks and stresses that are chronic problems rather than acute events, especially in the arid lowlands. Despite the significant efforts of the GOE to respond to drought shocks in recent years, the combination of recurrent droughts,

11 The five domains in the WEAI are: (i) decisions about agricultural production, (ii) access to and decision-making power over productive resources, (iii) control over use of income, (iv) leadership in the community, and (v) time use. See <http://www.ifpri.org/topic/weai-resource-center>.

12 Ethiopia Demographic and Health Survey 2016.

13 Ethiopia Demographic and Health Survey 2016.

14 The United Nations Entity for Gender Equality and the Empowerment of Women. 2014. Preliminary Gender Profile of Ethiopia.

15 Ethiopia Demographic and Health Survey 2016.

crop-threatening pests such as the Fall Armyworm¹⁶, economic dislocation, and civil unrest have increased Ethiopia's humanitarian assistance needs.

Households escaping and then falling back into poverty is a major issue. In Ethiopia, for example, the prevalence of poverty fell by an estimated 33 percent between 2000 and 2011. However, 63 percent of those who escaped poverty between 1999 and 2009 fell back into it in the same period, suggesting that net poverty reduction would be substantially higher if households were able to sustainably escape. There is evidence that targeted lowlands households who received integrated Feed the Future interventions maintained their food security levels despite exposure to drought. However, the magnitude of total need has outstripped the development resources available. To build on gains already made, Ethiopia can further encourage private sector growth and forge stronger linkages to government social support programs.

Agriculture, Livestock and Natural Resources

Ethiopia's economy remains highly agrarian. Agriculture accounts for approximately 40 percent of GDP, 80 percent of exports, and employs an estimated 75 percent of the workforce.¹⁷ Ethiopia cultivates a variety of staple and cash crops while also having the largest livestock population in Sub Saharan Africa. The country's agriculture production is dominated by highland smallholder farmers who manage over 90 percent of the agricultural land. Cereals comprise 63 percent of total crop production and nutrition sensitive agricultural production is limited.¹⁸ In contrast to the highlands, lowland pastoralists primarily rely on livestock as their livelihood. The nature of pastoralism in the lowlands has changed due to landscape fragmentation, increases in climatic shocks, conflict, and population growth. While these changes have largely left pastoral populations more vulnerable, opportunities exist through increased market orientation and improvements in livestock productivity. The options open to all of the farmers and pastoralists are shaped by climate conditions, domestic and international market demands, government policies, and investment requirements. With very little additional land available for cultivation and a rapidly growing population, average land holdings for crop production are small and getting smaller in the highlands. According to data from the Central Statistical Agency (CSA), in 2012 the average farm size was 0.96 hectares and about 40 percent have less than 0.5 hectares.¹⁹ With current low yields for both crops and livestock, most highland household plot sizes are too small to produce a sufficient amount of food for the average family of five, much less a surplus for commercial sale. In addition, restrictive land tenure laws inhibit practices such as land rental that could consolidate plots and achieve economies of scale. To improve the commercial viability of small-holder farming, more productive farming technologies and practices need to be used. In addition, land tenure and land use policies need to be reformed for both free hold and common property resources.

Market reforms can boost agricultural productivity. Farmers are hampered by inefficient agricultural input supply systems, particularly for water, seeds, fertilizers, pesticides, feed and fodder, artificial insemination, and vaccines. In addition, the proliferation of counterfeit, expired, and adulterated inputs not only reduce the efficacy of the products but also have a negative impact on farmers' willingness to adopt improved inputs.²⁰ Irrigation use is extremely low, with an estimated 97 percent of food crops grown using rain fed agriculture.²¹

16 Fall Armyworm (FAW), or *Spodoptera frugiperda*, is an insect that is native to tropical and subtropical regions of the Americas. In its larva stage, it can cause significant damage to crops if not well managed. It prefers maize, but can feed on more than 80 additional species of plants, including rice, sorghum, millet, sugarcane, vegetable crops, and cotton. In Africa, FAW was first detected in Nigeria in January 2016 and has quickly spread across virtually all of Sub Saharan Africa. (<http://www.fao.org/food-chain-crisis/how-we-work/plant-protection/fallarmyworm/en/>).

17 Sources: (a) http://www.theglobaleconomy.com/Ethiopia/Share_of_agriculture/; (b) Agricultural Growth in Ethiopia (2004-2014): Evidence and Drivers. IFPRI Working Paper 81. October 2016, p. 5.

18 Agricultural Growth in Ethiopia (2004-2014): Evidence and Drivers. IFPRI Working Paper 81. October 2016.

19 Land constraints and agricultural intensification in Ethiopia: A village-level analysis of high-potential areas, Derek Headey, Mekdim Dereje, Alemayehu Seyoum Taffesse, Food Policy, 2014.

20 With respect to pesticides specifically, expired, counterfeit, and improperly used pesticides not only provide less protection against pests, but are harmful to the user, pollute the environment, expose the consumer, and can lead to import/export refusals due to pesticide residues.

21 Agricultural Growth in Ethiopia (2004-2014): Evidence and Drivers. IFPRI Working Paper 81. October 2016.

Irrigation is constrained by the high cost of irrigation equipment, the cost of digging wells, the lack of consistent surface and shallow groundwater, the very high cost of tapping deeper groundwater sources, and knowledge of appropriate irrigation usage/techniques. The GOE is making substantial investments in irrigation as part of the Agricultural Growth Program (AGP I and II), which is managed by the Ministry of Agriculture and Livestock Resources (MoALR), with the collaboration of the Ministry of Water, Irrigation and Electricity (MoWIE) and the Agricultural Transformation Agency (ATA). Ethiopia's rapid development and population growth continues to cause deforestation and soil degradation. To counteract those trends, the sector will require significant investment in climate-smart agronomic technologies and practices that are supported by aggressive soil and watershed natural resource management activities. The Tigray region's recent Gold Award by the World Future Council for the world's best land restoration effort, which USAID has supported, provides an inspiring example of what can be achieved.

Demographic Transition and Urbanization

Agricultural intensification cannot be appropriately considered apart from the country's demographic transition and urbanization. With more than 104 million people, Ethiopia is the second-most populous country in Africa. The average fertility rate of 4.6 children per woman coupled with falling mortality rates means that Ethiopia's population could rise to 150 million by 2040. Currently, Ethiopia's population is young, with over 65 percent of the population under 25 and a median age of less than 19.²² Their economic opportunities are limited by their insufficient education; only 12 percent of women and 15 percent of men have attended secondary education. Only six percent of women and nine percent of men have more than secondary education. In addition, the quality of their education is inadequate. Most youth look off-farm for opportunities, causing the average age of the farming population to rise. That does not mean youth are uninterested in agriculture. While scarce land, restrictive land tenure and inheritance laws, and the desire for more exciting and less arduous lives lure young people to off-farm occupations, many youths view agriculture as a business opportunity rather than a subsistence living. Youth that migrate tend to be those who come from productive and successful farms. They have a much greater chance of success in searching for off-farm employment opportunities.²³



²² Twenty eight percent of the population is between the ages of 15 and 29.

²³ The effect of land inheritance on youth employment and migration decisions: Evidence from rural Ethiopia. IFPRI Discussion Paper 2016.

The combination of rapid population growth and restricted opportunities for farming cause rapid urbanization. As such, Ethiopia is now among the ten fastest urbanizing countries in the world. While the population is still predominantly rural, with 80 percent living in rural areas, its average annual urban growth rate is 5.2 percent. Cities gain more than one million new urban residents every year. By 2040 at least one third of the population will live in urban areas. Ethiopia's urban consumers will demand a greater variety and quantity of foods, thus creating potential benefits for farmers and employment opportunities in agriculture related processing, manufacturing, and services. In turn, growing urban centers can provide a flow of investment capital, remittances, technologies, and know-how to the rural populations. There are risks that must be overcome. Without proper management urbanization increases inequality, residential slums, and violent crime. According to UN-Habitat, 76.4 percent of the total urban population in Ethiopia resided in slums in 2010. Since Ethiopia's urban and peri-urban areas are still relatively new, the country can take highly effective steps over the next few years to ensure that its urban populations are resilient, prosperous, and healthy.

Infrastructure: Connections between Rural and Urban Centers

The growing network of roads linking farms with cities is transforming the corridors between them. IFPRI demonstrated that access to roads or markets improves household welfare and diets. Ethiopian households in remote areas spend 55 percent less on food and other goods than households nearer to markets. Their diets are less diverse. They are more food insecure. And the school enrollment rates of their children are 25 percent lower. Recognizing the benefits of extensive road systems, the GOE is making massive investments in roads to increase the connectivity of rural Ethiopians to urban centers and with external markets. Over the coming years, the GOE will continue to make large investments on roads and energy systems to connect rural farms to transport, residential, and manufacturing corridors. Given the rise of production and demand, there is now a greater need to invest in commodity aggregation and storage facilities, electricity, and utilities for households, businesses, and public facilities.

Private Sector Enabling Environment

Ethiopia's policies towards the private sector are on the threshold of change. Although Ethiopia's private sector has grown in the last two decades, Ethiopia's rank in the World Bank's Doing Business Indicator ranking hovers around 159 out of 190 countries. There are many ways to support the growth of business from fundamental changes in the financial sector, investment climate, trade, public financial management, and standards and privatization of both assets and responsibilities. The GOE and development partners are now discussing the range of changes and their sequencing that would help enable the private sector to play a prominent role in the economy. In the agriculture sector, despite recent growth in the number of private agro-dealers, the private sector directly competes with GOE-supported enterprises and cooperatives that enjoy inherent commercial advantages. Small and Medium Enterprises (SMEs) struggle to start and grow as a result of a lack of financing opportunities due to government restrictions on bank capital and lending. Businesses face daunting challenges related to licensing, permits, and land registration regulations and procedures. Many sectors including banking and telecommunications remain closed to private investment. Women and young entrepreneurs find it particularly difficult to access credit and to import and export goods and services including novel technologies and information. They also face pronounced difficulties navigating commercial administrative procedures for licensing and financing. Youth, eager to put their education to work, find it difficult to start businesses or to find work. Foreign investors who are often eager to hire young employees find it extremely difficult to complete investments and open new businesses. Too many foreign investors conclude that it is impossible to conclude transactions or open businesses.

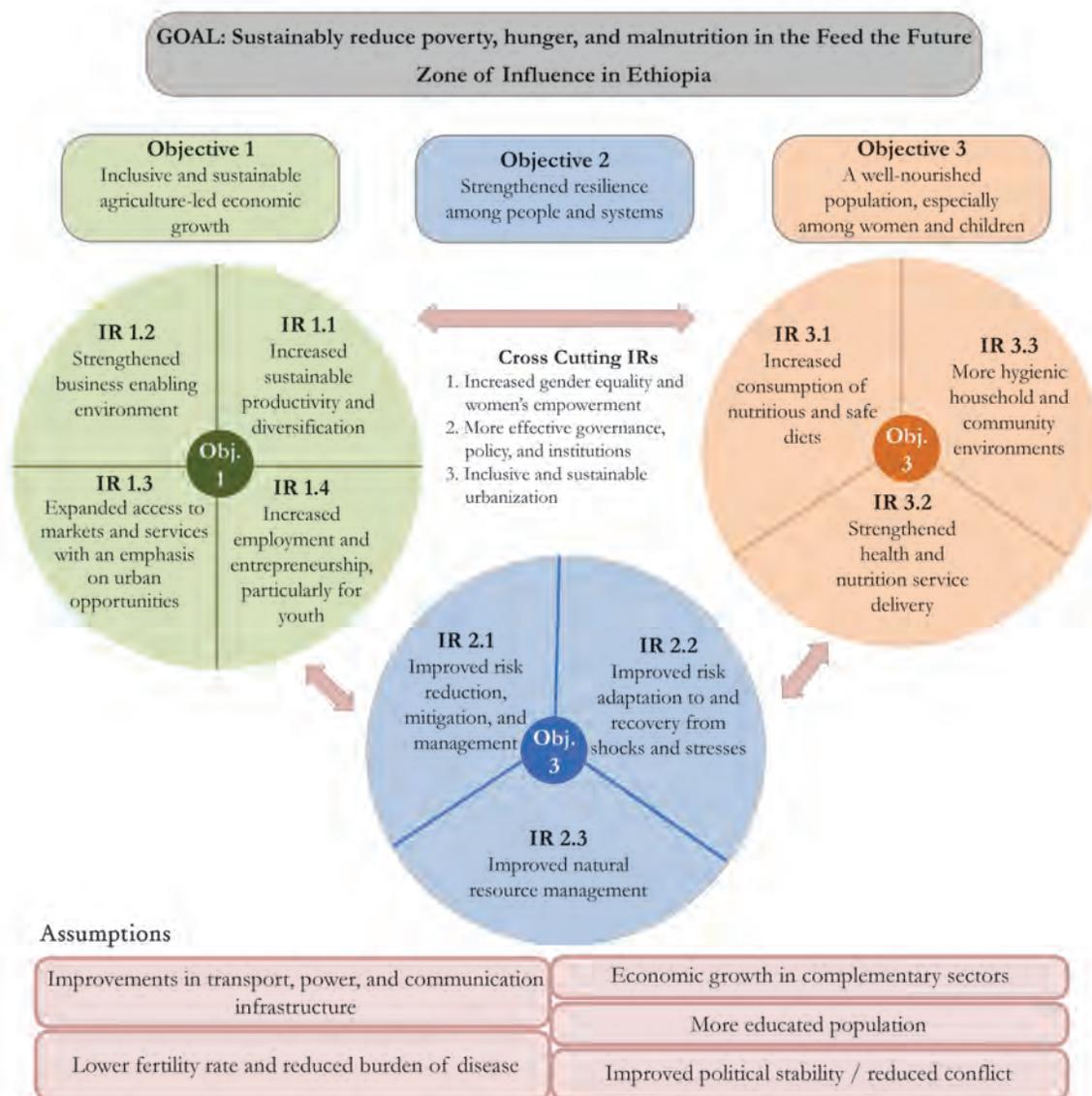


SECTION B: RESULTS FRAMEWORK AND THEORY OF CHANGE

The goal of the GFSS is to sustainably reduce poverty, hunger, and malnutrition in the Feed the Future Zone of Influence (see Figure 1). This country plan focuses on the five-year period from 2019 to 2023. The plan is based upon three strongly linked and interdependent objectives that are bound by three cross-cutting issues. Failure to make progress on the cross-cutting issues will significantly diminish the likelihood of success in the objectives and the goals. Hence, these will be part of an active Collaboration, Learning, and Adaptation (CLA) agenda. The results framework also recognizes five important assumptions/risks that can impact on the extent to which the intermediate results (IRs and higher-level objectives are achieved.

Objective 1, Inclusive and Sustainable Agriculture Led Economic Growth, is built on sustainably increasing crop and livestock productivity and diversification, improving the business enabling environment, increasing alternative livelihood pathways including employment and entrepreneurship opportunities, especially for the youth, and expanding access to markets with increased urban opportunities. Taken together, these will increase employment and incomes in rural and urban areas, and increase the availability of diverse and nutritious foods. This growth will support a gradual shift from an agrarian economy to an economy that has an increased share of manufacturing and services coupled with urbanization. Furthermore, the coordinated effort to link nutrition sensitive agriculture with other nutrition specific and sensitive approaches will reduce overall malnutrition.

RESULTS FRAMEWORK



Objective 2, *Strengthened Resilience Among People and Systems*, is based on improving natural resource management, strengthening the systems needed to mitigate, manage, and recover from shocks and stresses. Many of the investments that improve the resilience of individuals, households, communities, and systems to shocks also drive economic growth, nutrition, and health improvements, etc. In short, improving resilience is not about maintaining a status quo in the face of recurring shocks but driving growth and development needed to break the cycle of chronic vulnerability.

Objective 3, *A Well-Nourished Population, Especially Among Women and Children*, will be achieved by an integrated and multi-sectoral approach that addresses the immediate and underlying causes of acute and chronic malnutrition through nutrition specific and sensitive approaches. Nutrition sensitive agriculture, quality health and nutrition service delivery, water sanitation and hygiene, and strategic and innovative social and behavior change (SBC) all targeted appropriately at the individual, household, and community levels will lead to improved nutrition outcomes.



THEORY OF CHANGE

Consistent with the Government of Ethiopia's Growth and Transformation Plan II, the USG foresees substantial state-facilitated, private sector-driven investment in manufacturing and services sectors, diversifying the economy away from subsistence agriculture while ensuring communities can mitigate risks and providing employment opportunities for the youth.²⁴ Agriculture plays a vital role. As the populations within Ethiopia and, in fact, the Horn of Africa, grows and becomes more urban, and as agriculture related manufacturing and services grow, the demand for food will grow too. The growing demand gives Ethiopia an opportunity to introduce the technological and policy changes necessary to realize its potential comparative advantage (location, natural resources and people). Commercial agriculture, livestock and trade will play prominent roles. Therefore, the USG will escalate its transformative investments in agricultural inputs, market linkages, productive technologies, employment diversification, and food safety. It will maintain its investments in household and community disaster risk management systems and humanitarian assistance. Since resilience is not an outcome, but rather the ability at multiple levels to mitigate, adapt to, and recover from shocks and stresses. Given the complex risk environment in Ethiopia this ability or set of capacities are critical for both achieving and sustaining development gains such as reducing hunger, poverty, and malnutrition. In addition, since agriculture will provide inputs for a growing industrial sector, the USG can bind its food security programs to possible GOE led pro-growth policies for urban and peri-urban manufacturing and services.

²⁴ Lin, Justin Yifu and Celestin Monga. 2017. *Beating the Odds: Jump-starting Developing Countries*. Princeton University Press.

As such, the Ethiopia Country Plan aligns with the GTP II:

“Although accelerating poverty reduction will require looking beyond agriculture for sources of pro-poor growth, agriculture growth will remain an important driver of poverty reduction in the near future, and ensuring that all individuals in rural areas can participate in this growth is essential to poverty reduction.”

The theory of change under Objective 1:

IF farmers and pastoralists are able to sustainably produce a greater quantity and diversity of food and are better linked with the growing urban based markets, and

IF this happens in the context of an improved business enabling environment which promotes private sector investment and growth with employment and entrepreneurial opportunities, particularly for the growing youth bulge, **THEN** there will be economic growth that reduces poverty for both rural and urban households.

The theory of change under Objective 2:

IF risk management is improved, and

IF individuals, households, communities, and broader systems are better able to adapt to and recover from shocks when they do happen, and

IF natural resources which are so critical to the livelihoods of a predominantly agrarian and pastoralist society, are better managed and protected, and

IF nutrition and incomes for households are improved,

THEN people and systems will be more resilient to a wide range of shocks and stresses and will be better able to contribute to and benefit from the growth and transformation in the economy.

The theory of change under Objective 3:

IF there is availability of high quality, safe, diverse, nutritious foods, and

IF households have access to these foods and women and children consume these foods, and

IF individuals, households, and communities adopt optimal nutrition behaviors promoted by quality social behavior change interventions, and

IF individuals, households and communities have a more sanitary environment and engage in better hygiene and sanitation behavior, and

IF there is availability of high quality, safe, diverse, nutritious foods, and

IF households have access to these foods and women and children consume these foods, and

IF individuals, households, and communities adopt optimal nutrition behaviors promoted by quality social behavior change interventions, and

IF individuals, households and communities have a more sanitary environment and engage in better hygiene and sanitation behavior, and

IF people have access to and utilize a strengthened health and nutrition system,

THEN the nutrition of the population will be improved.

In addition, as mentioned above, there is a strong connection between nutrition and women’s empowerment (a cross cutting issue in the results framework).

Cross-Cutting Issues and Assumptions

If there is to be inclusive and sustainable economic growth and transformation, increased resilience, and better nutrition in Ethiopia, then there will need to be:

- (i) Improvements in gender equity and women’s empowerment,
- (ii) More effective governance, policy and institutions, and
- (iii) Inclusive and sustainable urbanization.

The plan assumes that the higher-level objectives are pursued within the context of Ethiopia’s continued investments in infrastructure (especially transportation, energy, telecommunication, logistics) as well as non-agricultural sectors such as finance, manufacturing, construction, transportation, engineering. It further assumes that the GOE will continue to improve education to ensure an educated and prepared work force both on commercial farms and in cities. More fundamentally, this plan assumes the current political changes will enhance political stability while the demographic transition reduces fertility rates and the country does not suffer either devastating drought or crop damage from pests.

SECTION C: TARGETING



Geographic Targeting

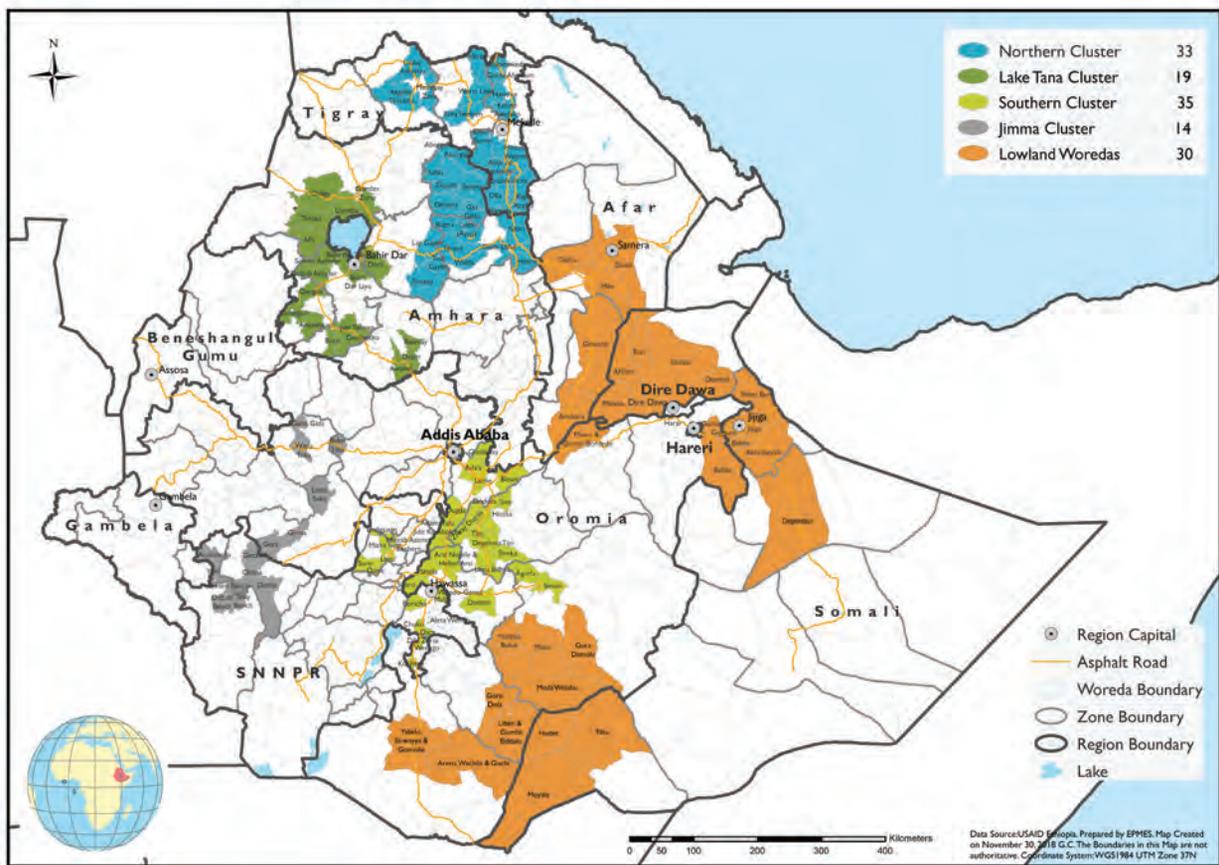
The Zone of Influence (ZOI) is derived from the theory of change and is consistent with the GFSS targeting requirements. The ZOI is founded on the principle of regional economic integration; the mission will bind rural market sheds with rapidly growing and industrializing urban areas, some of which are in areas where Food for Peace humanitarian and transition activities can be supported by ongoing USG nutrition, health, and market development interventions. The proposed ZOI takes into consideration the level of need, potential for agricultural growth,

partnership opportunities, existing USG resources, and partner country commitments. In addition, the proposed ZOI is based on a deliberate effort to sequence, layer, and/or integrate Food for Peace development activities with other USG food security and nutrition investments.

The ZOI encompasses five sub-zones. The first sub-zone bridges the government’s Productive Safety Net Program (PSNP) and Agriculture Growth Program (AGP) areas surrounding Mekelle city. The USG humanitarian and development activities form a nearly continuous intervention area in which the USG can help the GOE drive reforms that promote better natural resource management, livestock and crop management, livelihoods diversification, health services, nutritional practices at household levels, and market linkages to Mekelle where an increasing demand for labor and food provides income options for rural families.

The second sub-zone binds rural production areas to Bahir Dar city around Lake Tana. Since the GOE considers it to be a relatively productive agricultural zone and prosperous area, there are few humanitarian activities nearby. Instead, agricultural market and nutrition activities are well positioned to link farms producing maize, chickpea, livestock, and dairy with agro-processing facilities for the Bahir Dar market as well as other domestic and international markets.

ETHIOPIA GFSS ZONE OF INFLUENCE (ZOI)



The third sub-zone is formed along the main highway linking Addis Ababa to the city of Hawassa. This area is buttressed on the eastern border by high potential milksheds which can be linked to livestock and crop areas serving both cities. Since Feed the Future Livelihoods for Resilience, Food for Peace Development Food Security Activities, and USDA’s FEED program are co-located, the USG has an opportunity to increase food security not only in the rural areas but in Hawassa itself as the population grows due to the pull of the new industrial parks and associated businesses.

The fourth sub-zone focuses on an area of woredas that run along a north-south axis, west of Jimma. The population produces a wide array of commodities including coffee. This non-PSNP region is largely dependent on Jimma for agricultural inputs, consumers, and government services. The Livelihoods for Resilience activities located on the southern end of the chain are adjacent to value chain and nutrition activities.

Finally, the ZOI will include a fifth sub-zone that focuses on the main drought affected areas, particularly the pastoralist and agro-pastoralist lowland areas in the eastern part of the country. The geographic boundaries of this sub-zone have not been finalized but it will likely include areas covered by recent or ongoing pastoralist, agro-pastoralist, resilience, and disaster risk reduction activities in the eastern lowlands of the country. Investments in this area will also highlight rural to urban linkages and will showcase the use of market-based systems to increase resilience and respond to humanitarian needs.

Collectively, the sub-zones provide the USG with an opportunity to adjust the implementation of the Push-Pull theory which states that the combination of productivity enhancing interventions (Push) can be matched by market improvements to create demand (Pull) to rapidly increase the profitable commercial production of goods and services for both rural and urban populations. Unlike in the first Feed the Future phase, which intended to increase productivity in the highlands so farmers could market their products to consumers in the eastern lowlands, the mission will focus both push and pull efforts to increase productivity and market linkages in the same area where urban and peri-urban non-agricultural light manufacturing and service sector jobs are also likely to absorb youth who leave farms. The higher wage occupations and income growth in each of the primary cities will increase demand for staple crops, horticulture, livestock, meat, and dairy products which can be sourced from nearby areas. The USG's work in the sub-ZOIs has the potential to achieve broader food security impact by piloting approaches that the GOE could eventually take to scale across the whole country.

Value Chain Targeting

The country team has taken a portfolio approach to value chain selection. No single value chain effectively addresses both the dietary and economic needs of the population. Instead, recent IFRPI research recommends that a “balanced portfolio of value-chains would not only enhance agriculture’s future contribution to poverty reduction and economic growth, but also promote faster rural transformation and dietary diversification, both of which are needed to create job opportunities and improve nutrition outcomes over the longer-term.”²⁵ Since the beginning of the Feed the Future initiative, the focus of U.S. Government investments in Ethiopia has been on a range of value chains that 1) provide nutritious foods and 2) may be commercialized for domestic and international markets. After consultations with the GOE in 2015, the U.S. Government focused its value chain investments in Ethiopia on maize, chickpea, coffee, livestock (meat and live animals - cattle, goats, and sheep), dairy, and poultry. Prior implementation responsibilities for wheat, honey, and sesame were transferred to the Agricultural Transformation Agency (ATA). Maize and chickpea are staple crops (and in the case of chickpea, also nutritious) consumed throughout Ethiopia. Coffee is the leading source of foreign exchange, regarded as a high-quality export good with significant potential for productivity increases, and is predominantly cultivated by small holders. Livestock and dairy are typically managed by women and youth, provide preferred nutrient dense food for children, and can be produced for urban consumers. USAID recently added poultry to the list of value chains since poultry addresses both nutrition and income needs among women. Building on a successful partnership with the Israeli International Development cooperation Agency (MASHAV), Ethiopia aims to increase investments in private sector led horticulture production, which has growing demand, profitability, and employment opportunities. The Feed the Future Innovation Labs will play a critical role in creating new technologies and informing program decisions. The labs conduct research on teff, chickpea, livestock, sorghum, potato, beans, millet, horticulture, and soybeans. Throughout the period of this Country Plan, the Feed the Future teams will periodically assess value chain selection and performance.

25 Benfica, Rui and James Thurlow. Identifying Priority Value Chains in Ethiopia. Strategy Support Program Working Paper 110, September 2017.



SECTION D: PROGRAM COMPONENTS

This section of the Country Plan describes how the U.S. Government will target Feed the Future investments in Ethiopia to achieve the sub-IRs shown in the results framework and described in the theory of change. The following three overarching themes guide all of the investments: local ownership, leveraging investments, and sustainability.

- (i) Promoting local ownership and capacity building of local systems and actors.
- (ii) Layering activities with past and current investments. The portfolio emphasizes areas where the U.S. Government can work with other stakeholders, including GoE programs to leverage resources and expertise.
- (iii) Achieving sustainability and self-reliance to end the need for U.S. foreign assistance. The activities are designed to enable Ethiopia's public and private institutions to achieve inclusive economic growth and poverty reduction, improved nutrition, and resilience.

The components themselves emanate from the union of the mission's 20-year vision and the current conditions in which development and humanitarian activities occur.

(i) Sustainable Production & Market Systems (IR 1.1 Productivity and Diversification; IR 1.3 Access to Markets; IR 2.3 Natural Resource Management)

If farmers and pastoralists employ improved technologies and better farming and livestock management practices with improved natural resource management that regenerates and protects the quality of soil and watersheds, agriculture and livestock productivity and diversification will be sustainably increased.

At the same time, expanding and strengthening the linkages between rural producers, including smallholders and markets, will improve productivity because more farmers will have access to improved inputs and services. It will also result in better commercial opportunities for farmers who can enter reliable offtake agreements and get fixed prices for their goods. The combination will increase the availability of diverse foods for consumers and it will fuel the growth of related agriculture-based manufacturing and service industries.

Improving productivity will require that the new technologies and practices generate sufficiently high yields to be profitable. They must further be accessible and affordable to farmers and pastoralists who operate at different scales. Given the gap between average and potential yields for crops and livestock in Ethiopia, significant productivity increases are possible but will require strong linkages with agriculture/livestock research, extension, agriculture input supply, and animal health services. If agriculture and livestock productivity and diversification are sustainably increased, and if producers employ better harvesting, threshing, and storage technologies and practices to reduce the amount of post-harvest losses, the total quantity and quality of food available for consumption, processing, and export will increase. Agriculture and livestock productivity gains will also facilitate greater migration rates as workers move into non-agriculture and non-livestock sectors and, given appropriate investments, will increase non-farm labor productivity too.



To ensure proper incorporation of new and innovative approaches into the design, implementation, and learning of food security and nutrition programming, the USG Feed the Future team will leverage new and improved technologies, practices, expertise from USG/Washington staff, Feed the Future Innovation Labs, the Consultative Group for International Agricultural Research (CGIAR), the National Agricultural Research System (NARS), relevant stakeholders, and other centrally-funded research programs. Close collaboration between value chain programming and in-country Washington-funded research investments will be highly encouraged and incentivized so as to ensure uptake of research-derived technology innovations. The will include new crop varieties, improved plant protection products and methods, soil fertility management, sustainable irrigation, livestock feeding and health practices, animal health services and systems, crop diversification and rotation, digital tools, and information communication technologies. In addition, the stakeholders will promote labor-saving and cost-saving technologies that reduce the costs of production and simultaneously reduce women's workloads, and improve resilience and nutrition outcomes.

The Feed the Future investments will also continue to promote the growth of private sector input retailers and service providers (including animal health services) which will increase the ability of farmers and pastoralists to more easily access quality inputs and services at lower costs. Finally, given the current reliance on rain-fed agriculture, there is a large opportunity to increase production intensification through irrigation in areas where that is an appropriate and sustainable solution.

Increased productivity will also require improvements in land tenure and use policies, including land tenure systems addressing common property resources. The investments will continue to support ongoing efforts to improve land tenure policies to promote greater investment by farmers in their land, as well as to support a well-functioning land rental market that will encourage land consolidation where appropriate, allowing farmers to benefit from economies of scale and reduce the per unit cost of production.

Finally, understanding that a major root cause of food insecurity in Ethiopia is the degradation of watersheds and associated impact on soils and forest cover, Food for Peace interventions in support of the PSNP are based on an integrated watershed management (IWM) approach. This proven approach rehabilitates degraded lands through various watershed management techniques including terraces, tree planting, check dams, rainwater harvesting structures, and the development of multiple use systems that can provide potable, irrigation, and livestock water sources. Natural resource management including rangeland management, land regeneration and improved soil fertility, reforestation, and watershed management are critical for improving productivity and resilience.

To better access improved inputs as well as to sell the increasing amount of final product, farmers and pastoralists will need better access to markets. The Feed the Future value chain investments, using a market systems approach, will improve product aggregation, strengthen "middle of the value chain" actors such as processors, and improve access to market information. Livelihoods diversification investments for smallholder farmers will link local markets and SMEs, as well as develop off-farm and employment opportunities for the rural poor. This will be supported by work under Component II (see below) to improve the business enabling environment. Access to finance for farmers is critical for them to pay for the improved inputs. Other financial products such as savings and insurance will simultaneously promote resilience and reduce the risk to household of adopting new technologies and practices. As such, the USG will continue to work to expand access to financial services through DCA guarantees and policy-level engagement.

Links to the Policy Framework

There are three components to the policy framework. The first pertains to those policy initiatives that improve the business enabling environment: (i) Creation of pastoralist policy to govern the support of lowland pastoral livelihoods; (ii) Greater private sector involvement in agriculture input supply delivery including seeds, fertilizer, and livestock inputs with opportunities to increase the use and purchase of U.S. products; (iii) Agriculture equipment and inputs taxation;

(iv) National biotechnology policy implementation and technology release; (v) Development of contract farming legal framework that increases economic opportunities for smallholder farmers while also ensuring enforcement of contracts; (vi) Improve and amend federal and regional land policies; (vii) Enact a national integrated land use policy and support regions to develop derivative policies or laws accordingly; (viii) Facilitate trade by reducing removing trade barriers (tariff and non-tariff); and (ix) Enhanced access to finance.



(ii) Business & Entrepreneurship (IR 1.2 Business Enabling Environment; IR 1.4 Employment and Entrepreneurship)

If policies that encourage private sector investment and growth, and if there is improved access to appropriate financial products and services (in particular eliminating bias against women and youth), the business enabling environment will cease to constrain otherwise profitable investments. Farmers will have the capital and opportunities to access the improved technologies mentioned in Component I above, but will also fuel the growth of small, medium, and large businesses in agriculture and non-agriculture related manufacturing and services. This will result in improved employment and entrepreneurial opportunities, particularly as the education and workforce readiness of youth are improved.

The U.S. Government will work in partnership with the GOE, other donors, civil society, and the private sector to address policy, regulatory, and structural constraints that inhibit private sector investment and growth. While GFSS investments will specifically target the value chains described in Section C above, the embassy is taking an inclusive market systems approach by addressing related commercial and macro-economic policy constraints such as land tenure and land use, input supplies, food safety, privatization, finance, trade facilitation, information services, and licensing/registration regulations. GFSS investments will promote market-led growth in the broader food system (including agricultural production, safe storage, transport, agro-industry, and retailing) to link rural and urban areas. This will expand opportunities for growth of SMEs and service businesses. Where possible, the USG will partner with companies, investment firms and the GOE to eliminate obstacles to foreign direct investments in agriculture-related businesses.

To better position Ethiopia to benefit from the opportunities presented by growing urbanization (such as employment potential, markets for agricultural producers, and potentially better access to quality services) while avoiding the pitfalls (such as slum existence and urban unemployment), the U.S. Government will engage with the GOE, private sector, other donors, and civil society to address relevant policy issues that will promote private sector led economic growth in agro-industry, manufacturing, and services to increase employment, while ensuring sustainable and inclusive urbanization. In addition to policy engagement, the U.S. Government will examine alternatives to provide technical expertise in urban planning and development issues including governance, finance, trade, education, health, nutrition, WASH, good governance, and rural-urban food systems. Given the Ethiopian government's strategy of developing industrial parks in urban areas around the country, the embassy will search for ways to resolve "Outside the Park" issues such as migration, food security, housing, ethnic disputes and gender-based violence that accompany increased population and urbanization.

Lack of employment opportunities for Ethiopian youth is a critical development challenge. Unless addressed, it will worsen with population growth. Current Feed the Future investments are already promoting private sector growth and investment that can create much needed employment and entrepreneurial opportunities both in and outside of the agriculture sector. In addition, investments will be made to support the GOE and the private sector in implementing workforce skills training, youth participation in civic and community service, developing leadership abilities, industry-led certification programs, private-public partnerships, internship and job placement services, entrepreneurship training and support, second-chance learning opportunities, career development, and employment policy improvements.

Links to the Policy Framework

Component II of the policy framework focuses on resilience. Since the issues are closely related to commercialization and policy changes that ease constraints to capital and agricultural inputs, component I and II are compatible: (i) Greater private sector involvement in agriculture input supply delivery including seeds, fertilizer, and livestock inputs with opportunities to increase the use and purchase of US products; (ii) Development of contract farming legal framework that increases economic opportunities for smallholder farmers while also ensuring enforcement of contracts; (iii) Improved foreign exchange policy to improve investment and business opportunities; (iv) Enhanced access to finance; (v) Promote appropriate enabling policies that support youth employment opportunities; and (vi) Facilitate trade by reducing/removing trade barriers (tariff and non-tariff).

(iii) Resilience (IR 2.1 Improved Risk Reduction, Mitigation, and Management; IR 2.2 Improved Adaptation to and Recovery from Shocks and Stresses)

As noted earlier in the country context, Ethiopia suffers from increasingly frequent droughts, floods, and other shocks which exacerbate the level of poverty and food insecurity. Frost and hail, crop and livestock pests and diseases, household member sickness and death, and conflict are often cited by vulnerable households as additional shocks.



Individuals, households, and communities most at risk often have degraded land, low incomes, poor social services, and a decline in ecosystem services leading to unsustainable livelihoods which impacts their resilience and ability to protect their assets and survive these setbacks. Feed the Future investments focus on the root causes of vulnerability and will sustainably improve the resilience of the chronically poor in shock-prone areas through improving the systems that will allow government, communities, households, and individuals to better predict, prevent, prepare for, and mitigate risks. At the same time, it must be recognized that supporting the enabling environment for alternative and diversified livelihoods is part and parcel with reducing household and community vulnerability. Access to finance, including mobile banking and insurance products, is a key component of supporting the resilience of vulnerable populations that will continue to rely on agriculture related livelihoods.

Targeted resilience activities along with resilience elements within other programming²⁶ identify shocks and stresses that threaten development gains, and will work to strengthen resilience capacities at individuals, households, communities, and systems levels to achieve and sustain reductions in hunger, poverty, and malnutrition.

While recurrent drought among pastoralists has been the main driver of past resilience programming in Ethiopia, the resilience programming has greater applicability. Systems help anticipate multiple shocks and stresses and activate local and national systems to mitigate negative impacts. Markets that promote linkages between pastoralists and urban centers enable families to manage livestock for commercial purposes, helping them to create capital reserves and provide off-taking options during droughts.

²⁶ For example, complementary investments in health (such as improved health systems and health insurance) and education will also strengthen resilience.

Investments in livestock related industries such as slaughtering and dairy processing facilities located in the pastoralist regions increase pastoralist income while expanding demand.²⁷ Public and private investments in animal health organizations and services increase productivity and reduce the vulnerability of livestock populations. Village Savings and Loan Associations together with Microfinance Institutions expand household savings and commercial lending services. Mobile money platforms which allow institutions to expand their reach without the traditionally needed physical infrastructure expand access to financial products. Those in turn improve household resilience by helping pastoralists shift from a subsistence and petty trade economy towards commercial opportunities and resilient livelihoods.

The PSNP is a key element of the GOE Food Security Program and plays a critical role in building the resilience of chronically food insecure communities through cash and food transfers, community asset building, and support for improved nutrition and livelihoods. Food for Peace and other USG investments will continue to support PSNP 4 in three regions of Ethiopia and one administration: Amhara, Oromia, Tigray, and Dire Dawa City Administration. This support is critical to maintaining and improving food security as it has been proven to reduce the number of months that vulnerable households are food insecure while also diminishing the amount of time needed to recover from a shock. In addition, GFSS supported livelihoods activities will build household assets and diversify income streams thereby reducing food insecurity and increasing the resilience of vulnerable households in highland areas of three regions in rural Ethiopia.

An important component of resilience is the ability of the government and communities to better predict potential shocks through comprehensive early warning systems like the USG's Famine Early Warning System (FEWSnet) and to be better prepared to reduce the risks and negative impacts of the shocks. Feed the Future investments in community-managed disaster risk reduction will help build systems and platforms through which communities are better able to understand the risks, have improved access to timely early warning information, and can make informed decisions about mitigation and contingency actions. Institutional capacity building in mitigation and response coordination mechanisms, logistics and communication systems, and leadership and human resources will increase the GOE's ability to effectively manage risks and shocks at an early stage to better prevent large humanitarian assistance needs.

Finally, conflicts between regional states as well as the rapid political change in leadership and possible approach to economic development in the each of the surrounding countries add an additional layer of complexity that will need to be dealt with in our approach to resilience programming. Proactive interventions to reduce conflict as well as well-informed assistance in recovery from conflict will need additional consideration in the near future.

Links to the Policy Framework

The following policy sub-areas from will support efforts under Component III: (i) Integrate chronic and acute food security management; (ii) Mainstream Disaster Risk Management (DRM) policy into GOE ministry development programs, planning, budgeting, and implementation; (iii) Creation of pastoralist policy to govern the support of lowland pastoral livelihoods; (iv) Enhanced access to finance; (v) Improve and amend federal and regional land policies; and (vi) Enact a national integrated land use policy and support regions to develop derivative policies or laws accordingly.

²⁷ A good example of this is the Jijiga Export Slaughter House (JESH), which was supported by Feed the Future investments. JESH sources livestock from nearby herders, increasing their income while providing a steady demand for sheep and goats. This allows pastoralists to build the income and savings needed to withstand drought while supplying the community with alternative livelihood opportunities. This type of support as well as investments in both commercial camel and dairy milk processing facilities located in the lowlands that source from local women's cooperatives will continue under Feed the Future.



(iv) Nutrition (IR 3.1 Increased Consumption of Nutritious and Safe Diets; IR 3.2 Strengthened Health and Nutrition Service Delivery; IR 3.3 More Hygienic Household and Community Environments)

Further reductions in malnutrition in Ethiopia, particularly among women, adolescent girls, and children under 5, will require significant investment and a multi-sectoral, integrated approach. The USG investments will support efforts by the GOE to strengthen the institutional and policy environment as well as to develop the capacity to design and implement strategies that address malnutrition and its immediate and underlying determinants. As mentioned, the GOE created the National Nutrition Plan II to guide stakeholders on meeting Ethiopia's most prioritized nutrition actions. The USG will employ a multi-sectoral approach combining both nutrition sensitive and nutrition specific activities. The interventions can be layered, sequenced, and to an extent, integrated in coordination with organizations working at the community, household, and individual levels.

The USG investments across all four components will help meet the nutrition targets under Component 4. Specifically, Component 1 will focus on increased agricultural production and livelihood diversification which can contribute to more available and accessible high quality, diverse nutritious foods for households in rural and urban areas to consume. However, consumption is not automatic. To ensure demand generation for, and consumption of, high quality nutritious foods, USG investments will support robust Social Behavior Change approaches that will go beyond communication and basic promotion to leverage activities and target participants from Components 1, 2, and 3, and also address nutrition specific and sensitive themes such as dietary diversity, optimal care practices, infant and young child feeding practices, WASH, women's empowerment, maternal health and nutrition, etc.

As part of a systems approach, USG teams will work directly with the Ministry of Health and coordinate with other USG health initiatives to strengthen health and nutrition service delivery in order to improve the availability and access to quality nutrition services. The combination of all the Feed the Future investments will reduce the high levels of stunting. The persistent acute malnutrition will be addressed through a combination of Feed the Future and USG global health investments to strengthen health and nutrition services delivery at both the community and facility level. Finally, by supporting a food systems approach to improve nutrition, the USG will engage at a policy, technical, and implementation level to advance effective food fortification nationally.

Ethiopia is a high-priority country under the USG's Global Water Strategy, which aims to increase the number of people with access to improved and sustainable water, sanitation, and hygiene services. The USAID/Ethiopia Water and Development Plan focuses on three core pillars: sustainability, sanitation, and local ownership. The pillars guide cost-effective, catalytic investments in the sector and enhance the USG's broader objectives in Ethiopia to reduce stunting in children under five, promote private sector growth, and enhance the resilience of individuals, households, and communities to withstand shocks, including recurrent drought. Layering and sequencing nutrition investments with sub-components of USAID/Ethiopia's Water and Development Plan will help drive improvements in nutritional outcomes. In addition, the USG will continue to support innovative approaches to systems strengthening around sanitation and the operation and maintenance of water supply.

Links to the Policy Framework

The following policy sub-areas will support efforts under Component IV: (i) Treatment protocols for acute malnutrition and (ii) Food fortification.

(v) Cross Cutting Issues

The results framework highlights three priority cross-cutting issues. Improvements on all three are necessary if Ethiopia is to achieve both food security and middle-income status.

Gender equity and women's empowerment are fundamental to the success of all aspects of the Country Plan. It is not enough to simply target larger numbers of female beneficiaries of USG supported programs. Instead USG investments and policy level engagements will address the underlying factors and social norms that result in inequity and disempowerment for women (e.g., access to resources, political engagement, and leadership/decision-making) and which lead to gender-based violence, and lower health, education, and economic outcomes.

Ethiopia's policy interventions will be crucial for the reduction of poverty, malnutrition and vulnerability. The policy changes which promote private sector investment and growth will be especially important. These policy areas are admittedly the most challenging but the GTP II acknowledges many of these challenges and the GOE is increasingly open to evidence-based policy discussions.

This Country Plan constitutes a fundamental change in strategy for the USG in Ethiopia. By making urbanization a priority, the GOE and USG recognize that rural food security is now tied to urban food security as well as economic growth in general. The industrial parks along peri-urban clusters connected to growing urban centers is a recent phenomenon. Previous USG food security strategies for 2004-2008 and 2011-2015 were focused on vulnerable rural populations almost exclusively.



SECTION E: STAKEHOLDER ENGAGEMENT PLATFORMS

The Feed the Future country team participates in more than 20 stakeholder engagement platforms. Some of the most germane include:

Development Assistance Group: The U.S. Government is an active participant in the Development Assistance Group (DAG) in Ethiopia. The DAG, established in 2001, is made up of about 30 bilateral and multilateral development agencies and provides a forum for those agencies to share information and foster more meaningful dialogue with the GOE.

Rural Economic Development and Food Security Sector Working Group: Following an official request to the Development Assistance Group (DAG) by Ethiopia's Minister of Finance and Economic Development (MoFED), and in alignment with the Paris Declaration on Aid Effectiveness principles of local ownership, improved donor coordination, results-based approach, and mutual accountability, the Rural Economic Development and Food Security Sector Working Group (RED&FS SWG) was formally established in April 2008. Focus areas of RED&FS include Program/Policy Review, Harmonization, monitoring and evaluation, and support for implementation.

The strength of RED&FS is that all meetings are jointly chaired by one government representative and one development partner. Committees and Task Forces under the RED&FS structure cover a range of technical issues including, but not limited to, Agriculture Growth, Agriculture Research and Technology, Livestock and Fisheries, Animal Health and Feed, Sustainable Land Management, Pastoralist Issues, and Private Sector Development.

Productive Safety Net Program Donor Working Group: The PSNP Donor Working Group (DWG) was established in 2005 to foster collaborative effort to improve aid effectiveness. Concrete steps were taken to increase harmonization, alignment, and predictability among donors and the GOE to effectively implement the PSNP. The primary purpose of the DWG is to support and ensure donor harmonization as it relates to the implementation of the PSNP. Specific responsibilities include the management of implementation support missions, agreement on common reporting requirements, development of a mechanism to reduce transaction costs on government and development partners for program implementation, coordination of the response to emerging issues such as those related to humanitarian risks and a more effective continuum of response across development and humanitarian investments, and sharing information on specific agency information requirements during the implementation. Membership of the DWG is comprised of the development partners that are signatories to this Memorandum of Understanding.

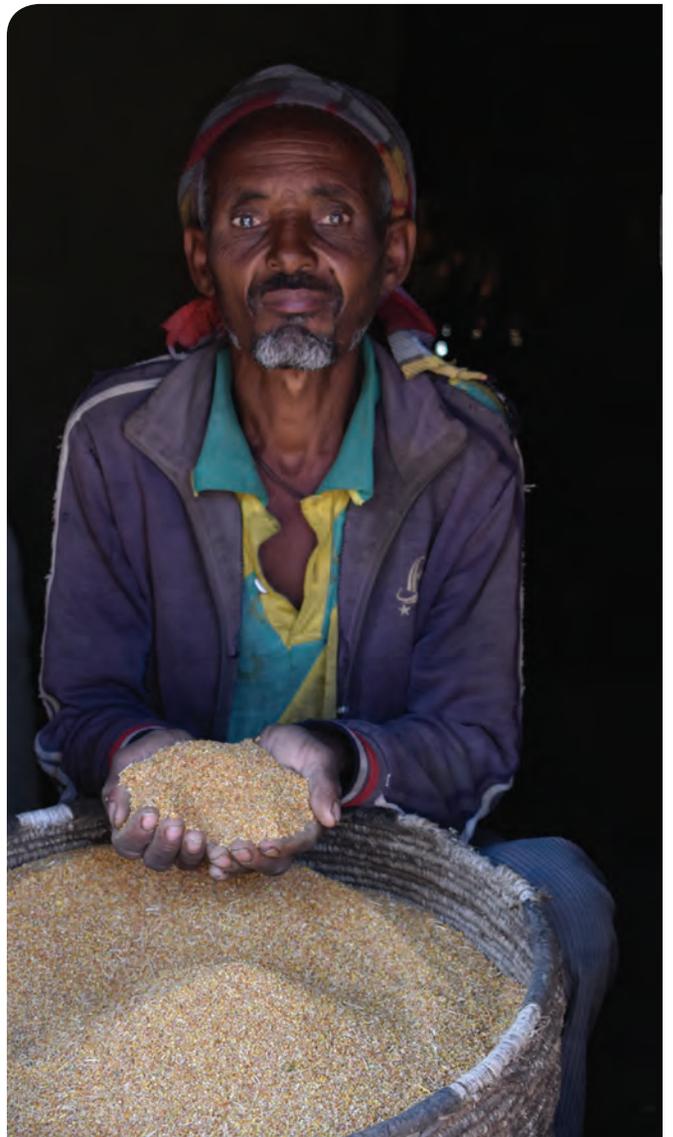
Nutrition Donor Partners Forum: The Nutrition Donor Partners Forum is a GOE and donor partner working group within the DAG structure designed to promote information sharing, coordination, and policy dialogue on nutrition.

Water Sector Working Group: The Water Sector Working Group is comprised of the GOE, donor partners, United Nations representatives, implementing partners, and other stakeholders, and is designed to promote dialogue and coordination across of range of WASH and water management related issues.











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