

USAID/Ethiopia

Annual Report

FY 2005

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Ethiopia

Performance:

Background: Although 2004 was a recovery year from the serious drought of 2002-2003, by the end of the year yet another emergency had begun. The underlying vulnerability of the Ethiopian people remains the main cause for these repeated emergencies. Their subsistence agriculture base is heavily dependent on rainfall and faces other problems, such as soil erosion and expensive fertilizer, which contribute to high levels of food insecurity. Localized droughts in 2004 will cause food shortages for 10 to 12 million people in 2005. While responding to this emergency is critical, the U.S. Government must at the same time maintain its strong commitment to Ethiopia's long term development.

The Government of Ethiopia (GOE) is leading a major change in its approach to chronic food insecurity with its Productive Safety Nets Program (PSNP), which is to cover more than five million beneficiaries in 2005. The program will use careful planning and food assistance, combined with other inputs, to graduate large numbers of the rural population into sustainable livelihoods. Based upon its Relief to Development and other pilot livelihood security programs, USAID is positioned to assist in breaking Ethiopia's endless cycle of emergency food assistance by leading development partners in the monitoring and adaptation of PSNP as it is implemented.

The GOE's broader economic growth agenda, especially in rural areas, is making progress, through the implementation of its Sustainable Development Poverty Reduction Program (SDPRP). GDP growth rebounded sharply in 2003/2004 by 11.6%, primarily due to the substantial recovery of the agricultural sector, which grew by 19%. The Ethiopian GDP grew by 4.5% per year over the last five years, which is above the population growth rate but still below the rate required to achieve the Millennium Development Goal to reduce by 50% the number of those living in poverty by 2015.

The GOE has established the National Coalition for Food Security (NCFS) program that incorporates lessons learned in famine prevention and provides a strategy to combat poverty and food insecurity, while also laying the foundation for sustainable development. This effort has attracted high-level interest among international donors. The USG-hosted meeting in June 2004 of the G-8 Group recognized famine as an important issue. Donors have expressed their commitment to helping the GOE find solutions to the root causes of food insecurity and famine.

US Interests and Goals: USAID contributes directly to the achievement of U.S. Government objectives in Ethiopia, as outlined in the State Department/USAID Joint Strategic Plan. U.S. national interests in Ethiopia include: counterterrorism, economic prosperity and security, democracy and human rights, and regional stability. Ethiopia is of strategic importance as it borders war-torn Sudan and Somalia, two fragile states that are in the process of reconciling their internal differences.

As Ethiopia remains a politically fragile state, USAID must press for its continued progress on the path to democracy. Restrictions on free media and civil society still exist. Elections are upcoming at the national level in May 2005 and regional and local levels in 2006. But open debates and formation of new opposition parties and coalitions are currently underway, a promising start for the electoral process. Conflict in the Gambella Region, bordering Sudan, in December 2003 resulted in many deaths and, although peace has returned the Region, remains volatile. The peace process in Sudan may allow refugees to relocate from Gambella, as well as provide opportunities for cross-border trade that should reduce tensions. Low level conflict in Somali Region also continues, but with the election of an Ethiopia-friendly leadership for Somalia, the possibility of peace and development cooperation has increased dramatically.

Donor Relations: USAID is well positioned to lead policy and program initiatives as the U.S. Ambassador will lead the Ambassador's Group in 2005, and the USAID Director is a founding member of the executive committee that will guide the Donor Assistance Group's agenda. This is recognition of the crucial role the USG plays in Ethiopia's development, and provides an excellent opportunity for greater coordination and leadership on key policy issues, such as land ownership, labor mobility, private sector development, the role of civil society, and population policy. USAID's country strategy has a robust policy reform agenda, building on the GOE's Sustainable Development and Poverty Reduction Program and the World Bank's Poverty Reduction Support Credit. USAID has taken the lead with other donors in advocating for a greater role for the private sector in market-led economic growth. The USG has embraced the policy matrix of the World Bank and other donors providing direct budget support.

Challenges: Ethiopia is one of the poorest countries in the world, qualifying as a Highly Indebted Poor Country. It has a per capita income of around \$100 (less than one-fourth of the sub-Saharan average), among the poorest human development indicators in the world, a national poverty level at about 44%, and more than three-quarters of the population live on less than US\$1 per day. Ethiopia ranks 170 out of 177 countries on the Human Development Index in 2002, an assessment that combines life expectancy, adult literacy, primary school enrollment, and per capita income. The levels of human and physical capital and the ability to recover from recurrent shocks are low. Though recovering, Ethiopia remains a fragile state.

The poverty and vulnerability of Ethiopia's people is reflected in the inadequate health and education systems. Family planning services are under-utilized and under-developed. Population growth and attendant environmental degradation are high. HIV/AIDS remains a growing problem, and the pandemic threatens to make development problems even more intractable. Ethiopia, a focus country for the President's Emergency Plan for AIDS Relief, has over 1.5 million HIV positive and about 3.8 million vulnerable and orphaned children.

Key Achievements: USAID revised its current strategy in mid FY 2004 in response to the shortening cycle of crises, the HIV/AIDS pandemic, and the clear need to invest more in economic growth and policy reform. The progress-to-date from the previous strategy fits well with the new one. This "synergy" between the old and new SOs is an indication that USAID is on-track with its new plans to help the GOE to permanently lift millions of Ethiopians out of poverty. USAID's success has largely to do with its leadership in addressing the fragility of rural Ethiopians' livelihoods, working not only with the GOE, but also with other donors and international organizations. The challenge over the coming years is to strengthen the GOE's ability to carry out its safety nets and livelihood security plans, as well as to provide direct assistance to millions of the country's rural poor.

1. Anticipate and Manage Shocks: Through this SO, USAID support to the GOE to improve its capacity to anticipate and manage shocks yielded several key achievements that saved thousands of lives in the two most recent droughts that occurred almost back-to-back. The improvements in the early warning and integrated needs assessments - the first to include health, water and agricultural emergency needs - proved their effectiveness in the DPPC's 2004/2005 emergency contingency plan. The preparation of this plan involving donors and government stakeholders led to anticipation of emergency needs well before they peaked, and ensured a rapid and robust delivery of assistance that prevented further asset depletion. USAID's effective policy work with the GOE enabled a reform of the emergency response system in Ethiopia to differentiate between acute and chronic food insecure populations, enabling more effective and appropriate targeting of assistance to each group.

2. Human Capacity: USAID's health and education-supported activities under this SO have helped the GOE make major progress on several fronts. Commercially available insecticide treated bednets (a public/private initiative), vaccination campaigns, and nutrition training contributed to improved child and maternal health. Expanded reproductive health outreach services were provided to rural areas of the country. Tens of thousands of teachers received training, new curricula were developed, and thousands of students received new educational materials, including those geared toward HIV/AIDS and other health issues. USAID also manages the Ambassador's Girls Scholarship Program and helped the GOE develop distance learning programs and improved community school management. USAID-supported anti-

trafficking in persons activities focused on an awareness campaign, counseling on the risks involved in seeking employment outside Ethiopia, and guidance on migrants' human rights.

3. Governance Capacity: USAID's activities under this SO directly contributed to progress in addressing conflict, electoral accountability, and decentralized governance. USAID support, including ground-breaking efforts that brought together community leaders and government, directly led to increased local-level capacity to manage and resolve conflict. Elections support and civil society strengthening are expected to increase the levels of civic and voter awareness, improved skills of Ethiopian political party observers, and increased civil society participation. Budgeting, budget planning, and accounting in federal, regional and sub-regional governments were also strengthened to facilitate the GOE's decentralization process, ultimately enabling local governments to better manage their economic, political and social affairs. Training to enhance the professional competencies of judges and the institutional capacity of Ethiopian courts has further facilitated the Ethiopian judicial system's ability to support the process of democratization.

4. Market-led Economic Growth: Under this SO, USAID made gains in agricultural productivity and marketing, natural resources management, and the transition from relief to development. Successful animal health interventions were undertaken in the arid pastoral and agro-pastoral areas of the country and local animal health workers were trained to address their communities' livestock diseases. Gains were made in the formation and expansion of cooperatives. Farmers organizing themselves into saving and credit cooperatives, and cooperatives contributed substantially to input supply and output marketing for their members. Coffee cooperatives sold 7,130 tons of coffee, valued at nearly \$15 million. Well-targeted relief programming has distributed food, seeds, and livestock, as well as conserved both soil and water, to protect farmers' assets and help them recover more quickly after disaster strikes.

5. Knowledge Management: USAID's Program Support Objective, Knowledge Management Coordinated and Institutionalized, aims to improve overall economic policy and governance through activities that support good knowledge management. This includes monitoring and evaluation, organizing and disseminating institutional knowledge, studies and research. USAID supported the first stage of the Household Income and Expenditure survey 2004-2005, which details poverty in Ethiopia, and the completion of the Welfare Monitoring Survey, which addresses poverty and the ability to cope with shocks. USAID also supported the citizen report cards survey of the Poverty Action Network for Ethiopia, which tracks the effectiveness of delivery of government services, and a project in two pilot woredas on involving local elders in decision making.

Gender: USAID places a high priority in targeting assistance to women in Ethiopia, who continue to face limited access to productive economic inputs and exposure to violence and harmful traditional practices. Women benefit from the Global Health Bureau's Flex Fund to increase family planning services and from the Improving the Performance of Primary Providers in Reproductive Health initiative for post-partum hemorrhage, safe motherhood, and abandonment of harmful traditional practices such as female genital cutting. In addition, the Africa Educational Initiative gives girls scholarships that pay for tuition, accommodation and food, school uniforms, educational materials and tutorial services. In remote, arid areas of the country, USAID's programs support women-owned small enterprises, give livestock to poor women-headed households, and use women as model farmers who train their community members. Gender-specific vulnerability studies target women-headed households.

Public-private Partnerships: USAID received a combined \$800,000 from the Global Development Alliance (GDA) and the Africa Bureau to support the Millennium Water Alliance, a public-private partnership to expand access to clean water and sanitation in rural Ethiopia. Another GDA supports a partnership with a private company, the East Africa Group, to brand and sell insecticide-treated bednets for the prevention of malaria. USAID also has a public-private partnership, partially funded by GDA, with Opportunities Industrialization Centers International that established alternative learning centers in Ethiopia.

Emergency and Conflict Assistance: The U.S. Government provided a coordinated response to the drought of 2002/2003. OFDA provided over \$21 million in non-food humanitarian assistance such as water, healthcare and crop inputs to drought stricken areas. This complemented the P.L. 480 food

resources worth over \$216 million provided by USAID/Food for Peace. The Department of State's Bureau for Population, Refugees and Migration provided \$14 million to assist a substantial refugee population from neighboring countries. The Department of Defense Civil Affairs program for the Horn of Africa and the regional Conflict Early Warning System (CEWARN) complement activities in the regions bordering Somalia and Kenya.

Results Framework

- 663-001 Increased availability of selected domestically produced food grains**
- 663-002 Increased use of primary and preventive health care services**
- 663-003 Quality and equity improved in an expanded system of primary education**
- 663-004 Increased access to and participation in a democratic system**
- 663-005 Enhanced household food security in target areas**
- 663-007 Rural Household Production and Productivity Increased**

SO Level Indicator(s):

Number of targeted houses that adopted improved technologies for two or more years

Volume of inputs marketed through farmer cooperatives (metric tons)

663-007.1 Integration of food, livestock and factor markets increased

663-007.2 Competition in agricultural and output markets increased

663-007.3 Rural household cash income increased/diversified

663-007.4 Food, agriculture and environmental research systems in target areas strengthened

663-007.5 Dissemination of food, agriculture and environmental technology information in target areas improved

663-008 Improved Family Health

SO Level Indicator(s):

Children receiving DPT 3 in Amhara focus region (%)

Children receiving DPT 3 in SNNP focus region (%)

Children receiving DPT3 in Oromia focus region (%)

Contraceptive prevalence rate in Amhara focus region (%)

Contraceptive prevalence rate in Oromia focus region (%)

Contraceptive prevalence rate in SNNP focus region (%)

HIV/AIDS prevalence rate among 15-24 year old females

HIV/AIDS prevalence rate among 15-24 year old males

663-008.1 Increased use of high impact child survival interventions, including nutrition

663-008.2 Increased use of high impact reproductive health interventions, including maternal nutrition in focus regions and target areas nationwide

663-008.3 Reduced HIV/AIDS prevalence and increased mitigation of the impact of HIV/AIDS

663-008.4 Increased health sector resources and improved systems in focus regions

663-009 Quality and Equity in Primary Education System Enhanced

SO Level Indicator(s):

Female share grade 4 enrollment in SNNP region (%)

Female share grade 4 enrollment in Tigray region (%)

National gross enrollment rate at primary (grades 1-8) level (%)

663-009.1 Quality of professional education system enhanced

663-009.2 Teacher-learner support systems strengthened

663-009.3 Community-government partnerships in education strengthened

663-009.4 Systems for managing personnel, instructional materials, and monitoring and evaluation strengthened and used

663-010 More Effective Governance and Civil Society Developed

SO Level Indicator(s):

Percentage of government funds using new accounts system

Percentage of government funds using new budget system

663-010.1 Civil society participation increased

663-010.2 Judiciary and respect for human rights strengthened

663-010.3 Public financial resources used more effectively

663-011 Mitigate the Effects of Disaster

SO Level Indicator(s):

Percentage of vulnerable people with critical needs met
Wasting rates of children in West Harraghe (%)

663-011.1 Increased adoption of disaster preparedness measures

663-011.2 Targeted, timely and appropriate disaster response

663-011.3 Peace/stability in selected dispute affected areas promoted

663-011.4 Capacity of most vulnerable populations to make the transition to development improved

663-012 Improved Livelihoods for Pastoralists and Agro-Pastoralists in Southern Ethiopia

SO Level Indicator(s):

Enrollment in grades 1-4 in STI focus schools (total)
Number of persons trained in business or technical skills per year (total)
Number of persons trained in health skills per year (total)

663-012.1 Pastoralists and agro-pastoralist incomes increased

663-012.2 Increased adoption of family health practices

663-012.3 Access to appropriate basic education increased

663-012.4 Traditional dispute resolution mechanisms enhanced

663-013 Capacity to Anticipate and Manage through Shocks Increased

SO Level Indicator(s):

DPPC annual capacity rating
Percent households' emergency needs met in targeted areas

13.1 Integrated early warning systems strengthened

13.2 Government and partner response capacity improved

13.3 Selected crisis management policies reformed and implemented

13.4 Effective coordination mechanisms strengthened

663-014 Human capacity and social resiliency increased

SO Level Indicator(s):

Contraceptive prevalence rate in selected areas
Gross enrollment rate for primary school (grades 1-8)
Percent of children in selected (Amhara) areas who received DPT3

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

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

14.3 Use of quality primary education services enhanced

663-015 Capacity for good governance increased

SO Level Indicator(s):

Percent public funds managed with BDA accounting system
Political participation among targeted citizens

15.1 Accountability by regional and local governments improved

15.2 Civil society capacity to engage government strengthened

15.3 Mechanisms for conflict prevention and resolution improved

15.4 Women's participation in political processes expanded and enhanced

663-016 Market-led economic growth and resiliency increased

SO Level Indicator(s):

Land area under improved resource management practices (hectares)
Number of months per year resource transfers are required
Sales of selected agricultural products (metric tons)

16.1 Selected essential policy reforms implemented

16.2 Selected input and product markets strengthened

16.3 Natural resource management and agriculture productivity improved

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

663-017 Knowledge management coordinated and institutionalized

17.1 Collaboration and coordination for support to strategic decisions enhanced

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

17.3 Information needed to manage shocks timely and appropriately disseminated

17.4 Rapid analysis and evaluation supports Mission program