

# MLS Ethiopia

Sustainable development, Food security, Water and Climate

The Netherlands' engagement in this area will contribute to the following frameworks:

- **SDGs: 1 (no poverty), 2 (zero hunger), 3 (good health and well-being), 5 (gender equality), 6 (clean water and sanitation), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 12 (responsible consumption and production), 13 (climate action) and 14 (life below water).**

## OUTCOMES AND RESULTS

*Long-term objective:*

- A sustainable and inclusive agricultural and food system, based on integrated water resource and sound environmental management, all of which are climate change proof.

*Medium-term objectives*

- Smallholder farmers' output has grown and their income has increased;
- Increased access to affordable nutritious food through value-chain strengthening of the dairy and horticulture sectors in selected geographic areas;
- Food security and livelihoods of poor households has improved;
- Capacities for efficient and equitable water resource management, particularly in the agricultural sector, have been built;
- Enhanced capacities to increase access to and efficient use of water and sanitation services for poor households;
- Capacities for environmentally sound development mainstreamed in relevant Dutch interventions;
- Climate change mitigation and adaptation mainstreamed in relevant Dutch interventions and the use of renewable energy promoted.

## HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS

*1. Smallholder farmers' output has grown and their income has increased*

- The Netherlands main support will be provided to the Ethiopian Ministry of Agriculture and Regional Bureaus of Agriculture through flagship programmes and institutes. These are the AGP (Agricultural Growth Programme), one of the flagship programmes of the Ministry of Agriculture and Livestock, and the ATA (Agricultural Transformation Agency), both focusing on areas with high agricultural potential in the four highland regions, Amhara, Oromia, SNNP and Tigray. AGP and ATA need to create synergies and mobilization of resources when their intervention matches geographically. AGP and ATA are supported variably by a number of other donors, World Bank, EU, Canada, USAID, Italy, Spain and Denmark, Norway and the Bill and Melinda Gates Foundation
- Where possible, the AGP and the ATA will be bilaterally supported through Dutch-funded projects in the Agricultural Commercial Clusters (ACCs). The bilateral projects will focus on basic requirements for increasing agricultural production and marketing. Bilateral projects will be to the extent possible integrated into the work of ATA, AGP, the Agricultural Bureaus and other government institutes. This collaboration will be formalized. ATA's work in ACCs will be closely monitored, including its collaboration with Dutch bilateral projects. Critical to the success of the ACCs is farmers' access to market. This will require not only intensive engagement with the AGP and ATA, but also with the Regional Bureaus of Agriculture, Water and Environment. Collaboration in the ACCs will create opportunities to forge partnerships with other development actors with which NL is connected, including private investors.
- Generally, bilateral support to the smallholder sector will be more frequently monitored with regard to the level of internal cooperation, institutionalization, Ethiopian ownership and its economies of scale as these principles will determine the level of sustainability of this intervention.
- Bilateral programmes focusing on agribusiness and export will be geared more towards supporting the Aid & Trade agenda by facilitating corporate social responsibility and preventing conflicts wherever Dutch trade and investments are involved in Ethiopia.

2. *Increased access to affordable nutritious food through value-chain strengthening of the dairy and horticulture sectors in selected geographic areas*

- The Netherlands will intensify its focus on the dairy and horticulture sectors. Both are important for increasing farm income and the supply of nutritious food, they also have potential for industrial processing and employment. Moreover, the Netherlands has strong expertise in these sectors and multiple Dutch actors (private sector, NGOs, knowledge institutes, OKP) are already active in Ethiopia or can play a role. Interventions will be concentrated in selected geographic areas that are most suited for dairy and horticulture development. This will allow a comprehensive value chain approach and ensure ecological sustainability.
- In the dairy sector a new programme will be started, aiming at scaling up past interventions and implement them in a more integrated way. It will seek complementarity with a newly started big livestock programme by the government with a loan from the World Bank. With its new dairy programme, along with a number of Dutch private sector investments, the Netherlands is likely to be the largest bilateral actor in the dairy sector in Ethiopia. New Zealand comes next.
- In horticulture, the focus will initially be on creating more synergy with other Dutch and non-Dutch interventions. Both dairy and horticulture are bound to be prominent in the transition from aid to trade as they have scope for more large commercial investments. On-going activities by other development actors should not be duplicated but mapped and integrated into this approach. NUFFIC's OKP (Orange Knowledge Programme) will be geared to particularly support the horticulture and dairy sectors in line with the sub-strategies developed for Dutch support to these two sectors.

3. *Food security livelihoods of poor households has improved*

- Agricultural transformation or, more generally, economic transformation will, for some time to come, remain beyond the reach of households living in marginal conditions. Within this context, the Netherlands' main channel of support will therefore continue to be the government's Productive Safety Net Programme (PSNP), which combines both the function of social safety net and that of strengthening livelihoods. The safety net function of the programme has proved to be – literally - a lifesaver in the last couple of years by protecting on a substantial part of the rural population from the effects of droughts.
- The livelihood-strengthening component in PSNP, however, has proven to be relatively weak. The Netherlands will engage – both bilaterally and multilaterally – to strengthen this component. This bilateral track is relatively unique.
- As a contribution to the improvement of the quality of nutrition among food insecure households, coordination and integration will be sought with the mobile platform/ecosystem and business models under development for SRHR. At the policy level, the Netherlands will support a strong and smooth
- transition mechanism, now in preparation, between PSNP and emergency assistance, so as not to disrupt on-going development processes in areas stricken by drought or other disasters.

4. *Capacities for efficient and equitable water and land resource management, benefitting the agricultural sector, have been built*

- In order to prevent conflicts between users or geographic areas, water must be managed efficiently, and be allocated to its various uses and users in a concerted and agreed-upon way. Additional resources will be made available to develop relevant water interventions. Some of these will be used to strengthen water governance and efficient water management on key issues and in key areas such as the agriculture commercialization clusters.
- In addition to water management, sustainable land management is crucial for water capture and use, especially in view of climate change risks in drought prone areas. Therefore, centrally funded programmes dedicated to land restoration and greening will be continued and aligned with water governance and management.
- Newly developed central programs such as the water productivity program that aims to achieve 15% increase in water productivity and the BLUE DEAL that will allow NL water authorities to establish long-term engagement with Ethiopian River Basin Authorities will be made instrumental to advance water governance and improve catchment management that will benefit agricultural water efficiency. The Netherlands will make sure through inclusive stakeholder engagement that fragmentation is avoided.
- The Netherlands' bilateral support to the irrigation sub-sector will continue to bring systemic changes in the irrigation sector by making irrigation development participatory, sustainable and marketable with a focus on AGP and ACC areas. Cooperation with catchment management organisations and initiatives will be supported to secure a sustainable water provision.

5. *Enhanced capacities to increase access to and efficient use of water and sanitation services for poor households*

- Access to safe drinking water and an environment free of disease is both a basic human need and a recognised human right. The Netherlands will continue to support the government to reach the SDG for water and sanitation by helping to establish inclusive and sustainable WASH facilities and developing capacities at utilities and improving the enabling environment for accelerating WASH. In this regard, centrally funded programmes on WASH (water, sanitation and hygiene) and on the enabling environment for urban WASH will be instrumental. Coordination and partnerships are also methods that will be sought to increase synergy between food and nutrition security, water management and WASH. The ambition to integrate WASH with IWRM and food security originates from the pursuit of sustainability of services and of the environment, and from the pursuit of effectiveness in terms of agricultural yields and benefits for public health.
- The WASH and Nutrition programs will be aligned to food and nutrition security programs and focus areas of the Netherlands to promote better coordination and collaboration between central/decentral interventions, including pilots to bring about a more circular use of water and waste management. The Netherlands will analyse what the state of play is in Ethiopia with regard to WASH, where the Netherlands could have a possible added value and what resources would then be required.

6. *Capacities for environmentally sound development mainstreamed in relevant Dutch interventions*

- Development interventions and investments may affect the environment negatively in various ways. This objective will therefore be crosscutting in nature and it will largely involve mainstreaming. It will mostly focus on water resources and aquatic environments as these are most under threat. Deterioration of such environments may also fuel conflicts.
- Environmental soundness is particularly relevant for areas with large investments in industry and agriculture, i.e. in the greater Addis area and surrounding Oromia, where most Dutch investments can be found. Particularly in the Central Rift Valley, around Lake Ziway, commonly agreed solutions need to be found urgently for the (alleged) environmental issues concerning flower farms. Here, the Sustainable Trade Initiative (IDH), already involved in landscape management and newly approved water catchment programmes (FDW) need to closely cooperate.
- The second line of intervention under this objective is to strengthen the capacities of regional and district governments (esp. Oromia and Amhara) in strategic environmental assessment and environmental impact assessment. The expertise of the NCEA (Netherlands Commission for Environmental Assessment) will be leveraged for this.
- The third line of intervention will be the promotion of appropriate and economically viable technologies that can reduce adverse environmental impact. Central programmes such as the Fund for Sustainable Enterprise and Food (FDOV), the Fund for Sustainable Water (FDW) and the Applied research Fund for Food and Agribusiness should be used more for the development and scaling up of such technologies.

7. *Climate change mitigation and adaptation mainstreamed in relevant Dutch interventions and the use of renewable energy promoted.*

- This will also be largely achieved through mainstreaming of climate change adaptation and mitigation measures in development projects and investments and through collaboration with the EU, which has strong climate programmes in support of Ethiopia's Climate Resilient Green Economy strategy, through participation in joint campaigns and the like. Synergies will be sought between centrally funded programmes on energy (e.g. promotion of efficient cook stoves and renewable energy), as well as water catchment and landscape management programmes (e.g. WAPOR, G4AW).