



# MEETING IMMEDIATE NEEDS AND PROTECTING DEVELOPMENT GAINS

## Lessons from Ethiopia's Drought Response

DECEMBER 2022

# Contents

INTRODUCTION.....3

BACKGROUND.....3

LEVERAGING AND STRENGTHENING MARKET SYSTEMS AND DEVELOPMENT PROGRAMS FOR HUMANITARIAN RESPONSE.....4

    Multipurpose Cash Assistance (MPCA) and Nutrition Social Behavior Change.....4

    Vouchers for Livestock Inputs: Feed and Fodder and Animal Health Services.....5

    Commercial Destocking.....6

    Water System Repair and Improved Water Governance.....6

    Aligning the Drought Response to RIPA-North’s Components.....7

KEY LESSONS ON THE BENEFITS OF ANTICIPATORY, MARKET-BASED HUMANITARIAN RESPONSE IN DEVELOPMENT PROGRAMS.....9

CONCLUSION.....10

CONTACT.....11

# Introduction

From April to October 2022, Mercy Corps' Resilience in Pastoral Areas, North (RIPA-North) program provided a humanitarian drought response in the Somali Region of Ethiopia funded by the activation of a crisis modifier.<sup>10</sup> This drought response was designed to complement and build on the Market Systems Development (MSD) approach which focuses on enhancing resilient, sustainable economic opportunities in arid and semi-arid lands as a pathway to food security. A humanitarian response that shifts away from market support and toward direct distributions would risk undermining the very market systems that RIPA-North, and its predecessor program Pastoralist Areas Resilience Improvement through Market Expansion (PRIME), have strengthened with nearly a decade of USAID-funded resilience investments in dryland economies and production systems. A weakening of local markets would accelerate the deterioration of the local food system and its ability to provide safe and nutritious foods to pastoral communities already facing multiple crises, thus causing backsliding towards greater aid dependency.

*“In many ways, those living in the drylands of the Horn are more prepared than in previous droughts. Governments, donors, aid agencies, and local communities have made major investments over the last decade to build resilience and end drought emergencies. These investments are helping to mitigate the worst effects of the current drought. It is critical that the current response protects and builds on these hard-won gains.”*

Outsmarting La Niña: Lessons And Recommendations For Strengthening Resilience Through The Drought Response In The Horn Of Africa

to

This paper provides an overview of how the Markets in Crisis approach<sup>11</sup> to this drought response leveraged existing relationships and built on RIPA-North's development interventions to meet immediate humanitarian needs, help households protect assets, livelihoods, and food security in light of compounding shocks, and simultaneously strengthen local markets that households rely on to cope and improve their food security and economic prospects in the future. Team members involved in the design and implementation of the drought response participated in interviews in June-July 2022 to discuss the design of the interventions and early implementation and data from Post-Distribution Monitoring (PDM) and market analysis provides a clearer picture of the response and its impact.

Mercy Corps' drought response illustrates the importance of robust, anticipatory, and resilience-focused action in response to unfolding crises, and the importance of harmonizing humanitarian response with market systems development programming to advance and protect well-being in shock-affected environments. As the current global food crisis enters a more acute stage, and is projected to last throughout 2023, the drought response offers important lessons on how to strengthen local economies while addressing acute food security and nutrition needs of crisis-affected populations.<sup>12</sup>

## Background

Driven by the La Niña effect, four consecutive failed rainy seasons created exceptionally severe drought conditions across the Horn of Africa, with a fifth consecutive failed season unfolding at the end of 2022. These

<sup>10</sup> Crisis Modifiers are funding mechanisms employed within development programs implemented in areas vulnerable to shocks, to encourage innovative approaches to respond to acute shocks, protect development gains and avoid backsliding.

<sup>11</sup> Learn more about Mercy Corps' Markets in Crisis approach: [“Beyond Cash: Making Markets Work in Crisis”](#) (March 2018).

<sup>12</sup> Due to escalating crises and the effectiveness of the market-based approach, USAID awarded Mercy Corps an additional \$9.66 million to scale its drought and food crisis response.

weather patterns deepened acute food insecurity for over 20 million Ethiopians, Kenyans, and Somalis.<sup>13</sup> In late 2021, Mercy Corps' RIPA-North<sup>14</sup> program team witnessed water sources dry up, pasture land depleted, and livestock morbidity and mortality skyrocket across much of the Somali region of Ethiopia as well as East and West Hararghe Zones of Oromia. Communities displaced by the drought were moving into relatively less-affected RIPA-North target areas,<sup>15</sup> exacerbating the decline of pasture and water. Severe drought conditions came on the heels of a steep economic slowdown and rise in food insecurity due to COVID containment measures, which were exacerbated by the inflationary food price effects immediately following Russia's invasion of Ukraine in February 2022.<sup>16</sup> These compounding shocks not only posed an immediate threat to the lives and livelihoods of millions but threatened to reverse progress from major investments by the government, aid agencies, donors and local communities in food security and economic opportunity across arid and semi-arid lands in Ethiopia and the region. In response to this unfolding crisis, Mercy Corps requested, and received USAID approval for, activating RIPA-North's Crisis Modifier, unlocking a \$1.5 million dollar investment for activities designed to leverage and protect the development gains supported by RIPA-North while addressing the immediate needs of affected populations. This response reached 23,000 households with critical cash, vouchers, and income from livestock sales to mitigate the impact of the drought on their long-term well-being and resilience. The majority of respondents to post distribution surveys noted that drought response interventions helped them prevent negative coping strategies and/or maintain household food supply, and over 90% were somewhat confident, or very confident, in their ability to manage current and future shocks after the drought response.

## Leveraging and Strengthening Market Systems and Development Programs for Humanitarian Response

Mercy Corps' market-led drought response included four complementary interventions designed to meet immediate needs of drought-affected populations while supporting the continued functioning and adaptation of livestock markets to drought conditions. These four intervention areas are detailed below:

### Multipurpose Cash Assistance (MPCA) and Nutrition Social Behavior Change

Cash assistance targeted households who lost all or most of their livestock assets, did not have sufficient

### Drought Response Targeting Strategy

*Each component of the drought response was directed to geographic areas and/or households where they would have the greatest benefit, with the four components creating a holistic response designed to deliver direct support to the most affected populations, prevent further deterioration of food security and economic opportunity, and support the maintenance of livestock health and clean water supply across targeted woredas through public and private sector engagement and investment. Targeting took place at the level of both woredas (administrative divisions roughly equivalent to counties) and households as appropriate to each modality. Household selection was led by kabele selection committees consisting of government and community representatives, who then agreed on criteria and put forward lists of names of households, which were verified through door-to-door checks.*

13 FEWS NET, ["Millions Already Face Starvation in Eastern Horn of Africa, Fifth Consecutive Season of Drought Now Forecast"](#) (June 2022).

14 RIPA-North is a five-year, \$31M USAID-funded program that aims to address the root causes of vulnerability and build resilience in the Oromia, Somali and Afar regions of Ethiopia. It is implemented by Mercy Corps in partnership with CARE.

15 As of February 2022, authorities in the Somali Region's Fafan Zone estimated that over 57,000 households and 1.45 million livestock had migrated into the area.

16 WFP, ["War in Ukraine Drives Global Food Crisis"](#) (June 2022).

savings or credit lines, or were forced to transition away from livestock-based livelihoods as a result of drought. Additional criteria included households with children under five, households with pregnant/lactating women, households with elderly/physically impaired members, and female or child-headed households. Cash supported these groups' most critical needs – most commonly access to food, but also health services and medicines, basic household items, shelter, and debt repayment - while also providing them a lifeline while they transitioned into new livelihood opportunities. With markets still functional and able to supply diversified nutritious foods, cash was provided through formal financial services providers (FSPs) that were RIPA-North partners, rather than distributed by program staff. PRIME and later RIPA-North supported these FSPs to develop a range of financial products and services that helped households save, grow their business, and manage risk. This also included supporting FSPs to integrate mobile money platforms into their services. In areas with high connectivity, FSPs used mobile money platforms to deliver cash transfers, and their own agents where connectivity was poor. These mechanisms further connected potential new clients to these financial institutions, whose products could then be leveraged in the future to better manage risk. The MPCA intervention also connected cash transfer recipients to two information services to help promote the most effective use of cash to improve food security and manage risk in the context of an accelerating crisis. First, FSPs provided financial literacy support to help households better understand how to use their products. Second, FSPs delivered nutrition-focused Social and Behavior Change (SBC) messages to promote nutrition literacy and influence household spending choices to buy nutritious foods.

## Vouchers for Livestock Inputs: Feed and Fodder and Animal Health Services

Drought rapidly depletes livestock assets. Animals walk longer distances in search of pasture and water, deteriorate in body condition and succumb to disease. Animal health and feed and fodder vouchers were provided to households with sufficient livestock assets to purchase inputs needed to maintain the health of their breeding stock and milking animals, so they did not completely lose their herds. Maintaining milking herds is particularly critical to household food security and nutrition.<sup>17</sup> Vouchers targeted both local residents and internal migrants to support conflict sensitivity and provided sufficient support maintain core herds for two months. Vouchers for animal health services could be redeemed at Private Veterinary Pharmacies (PVPs) and administered by Community Animal Health Workers (CAHWs) who were last-mile agents of the PVPs. PVPs and their network of CAHWs were first supported under PRIME, with RIPA-North further providing business development support to strengthen the business models and financial viability of CAHWs working in the last mile.

### Integrating conflict sensitivity in drought response

*“While not all interventions will have explicit violence reduction or peacebuilding objectives, all actors can nonetheless work to ensure that their efforts avoid exacerbating conflict dynamics. In order to do so, they must be conflict sensitive and should seek to strengthen existing local efforts to build peace” (Mercy Corps, *Advancing Peace in Complex Crisis*, July 2021). Conflict sensitive community targeting considered both local resident households and migrating households and applied clear criteria to avoid exacerbating tensions. More importantly, RIPA-North’s conflict-sensitive interventions laid the foundation for peaceful management of these resources in conflict ‘hot spots’, including resource management agreements between pastoralists and landowners that pre-dated the drought response.*

<sup>17</sup> Kate Sadler and Andy Catley, “MILK MATTERS: The Role and Value of Milk in the Diets of Somali Pastoralist Children in Liben and Shinile, Ethiopia” (October 2009).

Leveraging RIPA-North's development interventions and existing relationships with commercial fodder producers and aggregators and other market actors, feed/fodder vouchers served a dual purpose of (i) providing targeted assistance to drought-affected households to minimize animal loss, encouraging behavior change away from exclusive reliance on extensive grazing and towards the purchase and use of fodder, and (ii) creating incentives for feed and fodder producers to maintain production and sales.

Both cash and voucher targeting considered both local resident households and migrating households, with assessments validated by community targeting committees. Feed/fodder suppliers made products available in each target woreda<sup>18</sup> according to needs assessments carried out with targeted households. Twelve PVPs were selected to accept vouchers for veterinary care and medicine based on proximity to targeted households.

## Commercial Destocking

Supply of inputs to help households maintain the health of their breeding stock and core milking animals was directly complemented by commercial destocking - strategic subsidies to commercial livestock traders as a financial incentive for them to purchase animals in drought-affected areas. This incentive promoted the offtake of animals for either slaughter or commercial feedlots for fattening, depending on the body condition of the animal. Commercial destocking provided much needed income to households to meet their needs from livestock sales, allowing them to invest money in either their household's food security or maintaining the health of their remaining livestock. Subsidies were provided to at least two traders in each targeted market center to help ensure competitive purchase prices for households. At the same time, it created new market linkages within the livestock sector, leveraging existing partnerships with livestock aggregators and export slaughterhouses. Subsidy amounts were calculated to allow traders to feed and maintain animals from purchase to market. Timing this intervention early enough in the drought cycle to support households in saving animals was critical.

Commercial destocking targeted seven market centers where the general body condition of livestock had not deteriorated too severely. Participating livestock traders were selected based on their agreement to purchase from households in targeted areas, and to move livestock to different markets for sale. No household level targeting was done for commercial destocking; rather market mobilization activities publicized the program to encourage households to 'self-select' by bringing animals to targeted market centers for sale. Just as cash transfers linked households to FSPs to create benefits beyond the cash itself, commercial destocking created linkages among producers and buyers going beyond current sales to benefit both producers and buyers in the future.

## Water System Repair and Improved Water Governance

The drought response team worked with regional water bureaus to identify priorities in response to water scarcity and increased food insecurity due to low rainfall and increased demand from migrating households. This intervention built on RIPA-North's work to build local government and community capacity for Disaster Risk Management and crisis early warning. The drought response worked closely with government counterparts to assess water systems and identify maintenance and repair priorities to increase water supply for the greatest number of people possible. Repairs were carried out by local contractors and major works were undertaken directly by the government.

Selection of water systems for repair considered populations affected, lower levels of overall water supply, and greatest potential impact for investment. Twenty-four water points across six woredas were assessed, with at least one system per woreda targeted. Close collaboration with government authorities is essential to supporting the sustainable maintenance of these water points.

---

<sup>18</sup> Woredas are administrative divisions in Ethiopia, roughly equivalent to counties.



# Drought Response Reach and Impact

From April to October 2022, 23,000 households received assistance through the crisis modifier. Survey data show that respondents' view of the interventions was positive and, perhaps more importantly, their view of the program's impact on their future prospects was overwhelmingly positive. Following the drought response, a sample of 709 households was surveyed to gain critical insights into how the interventions contributed to household resilience in the face of this drought and helped protect economic and food security investments in those communities. Based on survey results, 84.5% of respondents felt that they are overall better-off after receiving drought response support, and 85% believed things will be better in the coming months than they were before the most recent drought. **Over 90% of respondents were somewhat confident, or very confident, in their ability to manage current and future shocks after the drought response.**

*Livestock is the main source of livelihood for people like Fatuma Hussein Boru, 25 and a lactating mother of a boy in Sirba village. "I finished the crop residual used to serve as our animal's fodder, and I knew our livestock and our lives were to be affected drastically," says Fatuma. "That changed when I received the livestock feed and veterinary drugs support from Mercy Corps. Our livestock is now recovering, and so is our livelihood," she notes.*

*Shara Mahdi Ahmed, 25 and a mother of six, lost all but one of the sheep and goats her family depended on. The milk from that one surviving goat is how she fed her six-month-old baby. "The immediate need is putting an actual food on the table for my children, and I continue praying for good rains," said Shara. Multi-purpose cash assistance from RIPA-North allowed her to buy food for her other children.*

Responses from post-distribution surveys underscored the importance of MPCA as an essential anticipatory response in shock-prone contexts, to provide a lifesaving buffer to the households most vulnerable to drought losses. The majority of cash recipients used the money to buy food (51%) or to pay for medicine or health care (28%). A few households used the money for investments such as livestock (4%), education expenses (4%), non-food items (6%), or loan payments (2%). **Survey respondents indicated the most important immediate impact of cash assistance was that they were not forced to sell off their few livestock assets at an inopportune time. While over half of respondents who did not receive cash reported selling off livestock, over 20% of MPCA recipients specifically noted avoiding this negative coping mechanism.** A significant number also mentioned avoiding begging for food, reducing meals, or borrowing money to cope, and a small number also noted they were able to avoid depleting savings, or needing to migrate. Helping households avoid these negative coping strategies was critical to ensuring that the effects of the drought did not irrevocably set back their health, food security or their economic assets.

Due to resource constraints, RIPA-North could only reach 850 of the most severely drought-affected households in the Somali region with MPCA. Survey results point to the need for this assistance at scale. Voucher and commercial destocking interventions had a lower cost per participant which allowed greater reach than vouchers. Veterinary care vouchers were distributed to 6,433 households, and vouchers for feed and fodder were distributed to 4,434 households. 5,000 households sold livestock to traders participating in the commercial destocking intervention while 15,000 households benefited from improvements to water systems.

Monitoring surveys demonstrated that vouchers for livestock-owning households were also critical to helping households maintain their assets and their health at the height of the drought. **Nearly 70% of households noted that the vouchers helped maintain the supply or quantity of milk produced by their livestock, which has direct implications for household food security and nutrition.** A smaller number were able to sell livestock for a better price, preserve breeding stock, or reduce the need for culling. The survey indicated that milk production by these households' animals more than doubled after the voucher intervention.

Almost 75% of them said this milk was used entirely for consumption, and another 23% used the milk for both consumption and sale. Survey responses also reflected a potential ongoing impact of the voucher programs, as households saw the immediate impact of accessing supplementary feed and veterinary care on their animals' production and health. **Nearly 80% of respondents have a future plan to provide supplementary feed or veterinary drugs to their livestock, and over 85% believe the use of vouchers has left them better prepared for future shocks.**

Commercial destocking resulted in more than 23,500 animals purchased, exceeding the target set by RIPA-North by more than 50%. **Livestock sales to subsidized buyers resulted in total household income of \$1.19 million to 5,000 households, stimulated by an investment just \$115,000 from the Crisis Modifier.** This intervention area also facilitated market linkages and positive business practices. Four of the thirteen traders who received subsidies were able to obtain advance credit from a national buyer, and at least one of these traders also extended credit to small traders (see box).

*RIPA-North's drought response connected some of the smaller traders receiving destocking subsidies to Tariku Girma Live and Slaughter Animal Supplier, a large livestock trader in the Central Region around Modjo. The team learned that Tariku Girma independently offered credit to the small traders to strengthen the overall market chain in the midst of the drought. This anecdote demonstrates how MSD approaches can work within crisis to strengthen systems for longer-term resilience.*

RIPA-North Staff Interview

## Key Lessons on the Benefits of Anticipatory, Market-based Humanitarian Response in Development Programs

The design of Mercy Corps' RIPA-North drought response, its links to over a decade of resilience investments in the drylands, and the post-distribution survey results, point to key lessons for crisis response in dryland communities, which are facing more frequent, compounding crises. These lessons include:

- › **Market-based humanitarian interventions can meet immediate needs while enhancing households' resilience and supporting local economies in humanitarian crises.** Across all drought interventions, staff emphasized how a market-led approach in humanitarian response can not only meet immediate needs, but also support ongoing market systems development work and local economies, including the creation of new market linkages. For example, providing mobile cash transfers via financial institutions required many previously unbanked households to set up mobile money accounts, creating the possibility of ongoing access to financial services. Providing vouchers reinforced and created new market connections between livestock holders and enterprises providing input supplies. Distributing inputs directly would have undermined the businesses' existing markets, while vouchers helped identify new potential customers.
- › **Funding for early, anticipatory action is essential to protect and leverage markets in humanitarian crises, reduce the cost of humanitarian action and support autonomy in decision-making:** Lessons from the drought response demonstrate that timely interventions are important not only to reach households sooner, but also to prevent drought impacts from creating more severe and longer-term disruptions to critical market systems that households rely on to cope, and for their long-term food security and economic opportunity. For example, destocking and vouchers must be implemented before livestock conditions deteriorate more than subsidies can compensate. As one staff member put it, "the more drought impacts increase, the more pastoralists need the market." Voucher and commercial responses had a

much lower cost per participant, potentially averting higher humanitarian costs as conditions deteriorated. In addition, implementing MPCA early provides households with greater choice on how they use their funds to meet their needs most effectively, preventing households from taking more desperate measures and preserving autonomy and dignity in a crisis.

- › **Development programs must be “response ready,” with plans, linkages and partnerships that enable a timely, market-based humanitarian response:** All intervention areas of the drought response leveraged partnerships and relationships developed or expanded through RIPA-North’s development-focused activities. RIPA-North had master service agreements (MSAs) in place with both feed and fodder producers and suppliers, and FSPs, and had long-standing relationships with PVPs and CAHWs. These existing relationships allowed cash and vouchers to be implemented quickly. Ongoing relationships with local governments and communities facilitated participant selection, allowing the program to reach the right groups with the right types of interventions. Not all aspects of a potential crisis response may be predictable; however, development programs working in crisis-prone areas can formalize partner relationships and develop conditional service agreements as part of their crisis readiness plans.
- › **Crisis response can be effective when layered into development programs and accompanied by additional funds:** Across the intervention areas of the drought response, staff articulated how response activities were designed in alignment with RIPA-North’s development components, prioritizing activities that both leveraged the capacity and relationships of RIPA-North and protected previous development gains.<sup>10</sup> Layering crisis response funds has allowed Mercy Corps to do more for vulnerable households via cash transfers and vouchers, implement destocking at a larger scale, and better staff a crisis response alongside ongoing development activities. This points to the need to continue to assess operational models that facilitate this intentional integration of development and humanitarian expertise to respond to crises without undermining resilience.

## Conclusion

Rapid research, including surveys and qualitative interviews with program staff, points to critical lessons on how best to manage and respond to recurrent drought in the Horn of Africa. Flexible funding mechanisms that layer humanitarian funds into development programs, like the RIPA-North Crisis Modifier, are essential to ensure that development programs can respond early and effectively to increasingly frequent and severe droughts<sup>11</sup> as well as other escalating crises in pastoral areas. Early response to droughts has been proven time and again to be more effective, and less costly, than waiting for the most severe impacts before investing in a response.<sup>12</sup> More specifically, early action reinforces and builds on MSD interventions and related partnerships, allowing emergency response to strengthen the local economies that households rely on to meet food and income needs during crisis, and adapt for the future.<sup>13</sup> RIPA-North areas currently face a fifth consecutive failed rainy season, coupled with severe food inflation, disruption of food supply chains, and a deepening economic decline due to the Russia-Ukraine war. As households face compounding shocks and further threats to food insecurity, it is essential that donors and implementing partners continue to act with urgency, drawing on lessons learned in building resilience to drought crises to implement measures that address hunger while supporting markets and adaptation in income generating streams. As shocks cause famine-like conditions in parts of the region, it is imperative to leverage all available tools to address hunger while supporting choice and adaptation in local economies through market-based response. The Mercy Corps drought response provides a clear example of how to leverage market systems development and resilience focused programs to respond not only faster to the current crisis, but smarter to prepare for the next one.

10 Note: RIPA-North’s response to COVID-19 and the Afar floods in 2020 also took an embedded, market-led approach, but relied on redirection of funds only, as activation of the Crisis Modifier was not approved at that time. [Protecting Development Gains: The Crisis Modifier in Mercy Corps Ethiopia Programs](#) for COVID-19/Afar floods response.

12 USAID, “[Shock Responsive Programming and Adaptive Mechanisms](#)” (August 2017).

12 ODI, “[Scaling Up Early Action](#).” (April 2019)

13 Mercy Corps, “[Towards Resilience: Advancing Collective Impact in Protracted Crises](#)” (May 2020).

## CONTACT

WILL BARON  
Chief of Party | RIPA  
[wbaron@mercycorps.org](mailto:wbaron@mercycorps.org)

MELAKU YIRGA  
Country Director | Ethiopia  
[myirga@mercycorps.org](mailto:myirga@mercycorps.org)

OLGA PETRYNIAK  
Senior Director | Resilience  
[opetryniak@mercycorps.org](mailto:opetryniak@mercycorps.org)

### About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



45 SW Ankeny Street  
Portland, Oregon 97204  
888.842.0842  
[mercycorps.org](http://mercycorps.org)