



**USAID**  
FROM THE AMERICAN PEOPLE



## SUPPORTING ETHIOPIA'S ECONOMIC DEVELOPMENT

**“Economic growth and human development need to go hand in hand. Human values need to be advocated vigorously.” – Kailash Satyarthi**

Ethiopia's increasingly youthful population continues to be vulnerable to poverty and hunger. Frequent and severe droughts across its ecologically and culturally distinct regions, coupled with the application of antiquated agricultural practices and economic policies, are some of the challenges facing the country. Ethiopia needs to enhance the competitiveness of its economy, create more jobs, and increase incomes and access to nutritious food to become more resilient and ensure that all Ethiopians can secure their families an acceptable standard of living.

### WHY IS THIS IMPORTANT FOR ETHIOPIA

Ethiopia will require a continued high rate of economic growth to ensure its population's food security and improved quality of life. To succeed, Ethiopia must take measures to address the ongoing problems in the economy that create under-employment and political unrest. These measures could reduce reliance on international organizations for both humanitarian and development support. Effective economic development policies and technical assistance can facilitate Ethiopia's emergence from poverty into a modern self-sufficient state.

PHOTO: KELLEY LYNCH

## WHY IS THIS IMPORTANT FOR THE UNITED STATES

Ethiopians view the United States as a world leader that is committed to assisting other countries to improve their economic security and increasing global prosperity by sharing our values and economic ideas. Our efforts over the past 50 years have helped Ethiopia become a more resilient and competitive ally in sub-Saharan Africa. The economic technical assistance that we provide reaffirms the values of the United States while improving security, investment and trade opportunities, and diplomatic relations with Ethiopia and other African partners.

## PROGRAMMING

**AGRIBUSINESS VALUE CHAIN:** We are collaborating with the World Bank and Government of Ethiopia to improve farmers' ability to cultivate and sell nutritious foods, especially wheat, chickpea, maize, sesame, honey, livestock, dairy and poultry, as well as the world's best coffee. Our assistance helps farmers cultivate more and better crops for household consumption and market sales, helping their families earn more while improving their diets. Improved business relationships mean that farmers can purchase better and more affordable supplies of seeds, fodder, and veterinary medicines and sell their fresh produce to traders and processors who, in turn, make value-added products for urban and foreign markets. We also assist government interlocutors to cooperate more with the private sector and international organizations to modernize business and trade policies. Ethiopia is committed to eliminating obstacles to foreign direct investment and to meeting quality and safety regulations. By meeting those commitments, Ethiopia's farmers and businesses will export more high quality goods.

**DEVELOPMENT CREDIT AUTHORITY:** Increased access to finance presents one of the greatest opportunities for economic growth. USAID's Development Credit Authority works closely with our mission in Ethiopia to facilitate lending and investment by Ethiopian financial institutions to small and medium scale businesses and farmers. Credit guarantees, matched with technical assistance to banks and potential borrowers, make financing relatively less risky and expensive so farmers and businesses can invest in new equipment, crops, and markets.

**POWER AFRICA:** Less than 25 percent of Ethiopia's population is connected to the grid, a share that drops to a negligible ten percent in rural areas. The grid's limited coverage and frequent power outages stand as an obstacle to Ethiopia's plans to increase the share of light-industry in its economy. To meet the growing demand for electricity, Ethiopia plans to triple the capacity of its energy production and distribution network. For the first time, with the direct advice and support of Power Africa, the Ethiopian government is allowing private energy companies to invest and manage the operations of the sector. Together with numerous other U.S. Government entities, we are assisting the government to create the laws, regulations, processes, and business culture necessary to attract high-quality foreign direct investment in the renewable energy sector, including off-grid.

**TRADE:** Ethiopia is improving its trade relations with its neighbors and the United States. Government officials and businesses are cooperating with USAID's East African Trade and Investment Hub to improve trade facilitation and boost exports under the terms of the African Growth and Opportunity Act. They are also working with us to network with American firms seeking investment opportunities with Ethiopian business that are ready to scale-up production and fulfill international market demand.