



Future  
Agricultures

# Agriculture, Growth and Poverty Reduction in Ethiopia: Policy Processes Around the New PRSP (PASDEP)

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## Acronyms

ADLI	Agricultural Development Led Industrialisation
BoARD	Bureau of Agriculture and Rural Development (Regional level)
CRDA	Christian Relief and Development Association
DAG	Development Assistant Group
EDRI	Ethiopian Development Research Institute
EEA/EEPRI	Ethiopian Economic Association/Ethiopian Economic Policy Research Institute
FDRE	Federal Democratic Republic of Ethiopia
FSS	Forum for Social Studies
HIPC	Heavily Indebted Poor Countries
IDS	Institute of Development Studies
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
MoFED	Ministry of Finance and Economic Development
PASDEP	A Plan for Accelerated and Sustainable Development to End Poverty
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
PSNP	Productive Safety Net Programme
SDPRP	Sustainable Development and Poverty Reduction Programme
SNNPS	Southern Nations Nationalities and Peoples' State
VRP	Voluntary Resettlement Programme

## 1. Introduction

"Agriculture is the mainstay of the Ethiopian Economy". This statement has almost become a cliché for development professionals in Ethiopia. Those who went to school 50 years ago, read it; and later on wrote about it. So has the present generation. The Report on the Ethiopian Economy, Volume IV (EEA/EEPRI, 2004/05:10) stated, for example: "...agriculture is the mainstay of the Ethiopian economy and the most volatile sector.... mainly due to its dependence on rain and the seasonal shocks that are frequently observed". As things stand, our children and grandchildren will be repeating this refrain for generations to come. Yet, the sector has been unable to realise its potential and contribute significantly to economic development. How can we change this?<sup>2</sup>

In the Ethiopian context, agriculture is proving to be the most complex sector to understand. On the one hand, it contributes the largest share to GDP, export trade and earnings, and employs 84% (PASDEP, 2006) of the population. On the other hand, despite such socio-economic importance, the performance of the sector is very low due to many natural and manmade factors. As a result, Ethiopia is characterised by large food self-sufficiency gap at national level and food insecurity at household level (EEA/EEPRI, 2004/05:145).

Whereas in the Northern highlands, farmers struggle to make ends meet on completely degraded land, in the South and Southwestern part of the country, people live in extreme poverty in the midst of plenty – fertile land and relatively preserved environment. To complicate matters further, the country's future is pinned on agriculture as demonstrated in a statement by the Prime Minister of Ethiopia in 2000.

The agriculture sector remains our Achilles heel and source of vulnerability .... Nonetheless, we remain convinced that agricultural based

development remains the only source of hope for Ethiopia [emphasis added] (quoted in Devereux et.al. 2005: 121) ].

This complex nature and such high profile statements about the sector has led some commentators to believe that Ethiopia is unusual in emphasising agriculture over a long period of time. Carswell (2002) and Keeley and Scoones (2003) review four decades of intensive agricultural research and extension and policy debate, which brought about little change, primarily because the research focused on a "narrow range of technical options" that failed to appreciate the wider livelihood contexts within a given region let alone the entire country.

Presently, Ethiopian agriculture is the focus of both local and international attention. Ethiopia has drafted the second PRSP in the shape of a Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) and is in the process of presenting it to the House of People's Representative for approval (Ethiopian Herald, Jan 14, 2006). The new document has intensified the debate on agriculture both locally and internationally. The key question is how debates about growth and poverty reduction relate to agriculture. This paper will take the case of the new PRSP document for Ethiopia to explore tensions, trade-offs, and policy controversies. It is structured as follows. Section 2 explores the narrative of the new Ethiopian PRSP (PASDEP) comparing it with the old PRSP known as Sustainable Development and Poverty Reduction Programme (SDPRP). Section 3 is about the different pathways for agricultural development as envisaged in PASDEP, and also explored previous policy research. Section 4 examines the linkage between PASDEP and other policies – current and past. Section 5 highlights opportunities and challenges for implementing PASDEP, and finally a summary and conclusion is provided in Section 6.

## 2. PASDEP narrative on agriculture and the role of the state

### 2.1. Experience of PRSP processes in Ethiopia

Although once approved it is a 'country document', the Poverty Reduction Strategy Paper (PRSP) is of course the initiative of the World Bank and the IMF. The two big donors/lenders requested the least developed countries, the heavily indebted countries in particular, to articulate strategies for reducing poverty in line with the Millennium Development Goals. In return, the countries would receive debt relief under the Enhanced HIPC. An important condition of the PRSP was citizen's participation in the preparation of the PRSP.

In response to this, the Government of Ethiopia launched a consultation process to formulate the PRSP in August 2001, one month before the Bank and the IMF were due to take a decision on granting Ethiopia debt relief and concessional lending under the Enhanced HIPC facility (Bijlmakers, 2003).

Although the extensive consultation process was the first of its kind in the country<sup>3</sup>, to what extent the views were taken on board should be measured against the Government's position on the value of the PRSP. It insisted from the beginning that the country has been pursuing poverty reduction strategies well before the PRSP initiative and there was nothing new as such, except for involving the public and sharpening the poverty focus. A review of the Government's own consultation reports reveals that the contribution of the consultations was in fact not that significant. As stated in the SDPRP document (FDRE, 2002:12), the consultations conducted at various levels contributed to the preparation of the strategy in the following ways:

- Confirm the broad development strategy, sectoral and cross-sectoral priority actions followed by the government
- Emphasise decentralisation and community empowerment
- Highlight the significance of capacity building and cooperative efforts of public, private, NGO and communities.
- Emphasise the significance of efficient, effective, transparent and accountable public service
- Highlight the negative effects of harmful traditional practices in the struggle against poverty by households, communities and country.

These contributions were no more than endorsing the policies and strategies the government has been pursuing well before the PRSP initiative. This process represents a classic top down approach.

Bijlmakers (2003) also found that the CRDA, an umbrella organisation for over 400 NGOs in Ethiopia, came across the I-PRSP (later developed into SDPRP) by accident. The NGO community had little influence over the PRSP process, because they were not members of either the PRSP Steering Committee or the Technical Committee.<sup>4</sup>

### 2.2. SDPRP vs PASDEP

The PASDEP constitutes the second round of the PRSP process. The PASDEP is said to represent an evolution towards new policy directions, and as a result should be seen increasingly as the overarching policy framework in Ethiopia.

In terms of consultation, the PASDEP process failed to build on the experience of the SDPRP.<sup>5</sup> The PASDEP is fundamentally a desktop policy document, with considerable use of secondary data largely from government sources, namely:

- Welfare Monitoring Unit at the Ministry of Finance and Economic Development (MoFED).
- Household Income and Expenditure Survey of Central Statistical Agency (CSA).
- The findings of Participatory Poverty Assessment (PPA) (MoFED, 2005)
- The MDG needs assessment (MoFED, 2005)

Research findings from the EDRI/IFPRI, EEA/EEPRI, the Destitution Study (Devereux, et al., 2003) and the findings of the Diagnostic Trade Integration Study (World Bank/Ministry of Trade and Industry), have also been utilised. The Government also carried out the MDG Needs Assessment (MoFED, 2005) to inform the PASDEP process, as well as a retrospective evaluation of the earlier PRSP and the achievement of targets. There is no shortage of research and national statistics on poverty and development in Ethiopia, and, as a result, no shortage of advice from both local and international researchers, consultants and commentators on policy directions.

How did the government make use of all this information and advice? At the national level, the process was coordinated by the Ministry of Finance and Economic Development (MoFED). A Steering Committee with a membership of key ministries was set up to give direction on the process. A Technical Committee, with a membership of Planning Departments of the respective Ministries, was also established. The Steering Committee was co-chaired by the State Minister for Agriculture and Rural Development and the State Minister for Finance and Economic Development. The Technical Committee was chaired by the Head of Economic Planning at MoFED.

In principle, civil society networks, NGOs, Bureaux of Agriculture and other relevant bodies should engage with local-level institutions and

individuals to allow the latter to set the policy agenda and forward it to the national level. However, the Government in practice carried out limited regional consultations, the results of which are reported in Section 2.3 of PASDEP. It also gave the opportunity to the business community and civil society to comment on the draft report, and some contentious issues are as a result on the table for discussion. As to whether these issues could be resolved before the Parliament approves the policy document is a major concern.

As a result the PASDEP process – perhaps even more than its predecessor – is seen very much as a national level document, produced in Addis Ababa by a relatively small network of players, centred on the MoFED, and closely monitored and overseen by the Prime Minister’s Office and associated advisors. The World Bank in particular – and its advice networks in EDRI, IFPRI and elsewhere – played, as ever in PRSP processes, a key role, and, as discussed further below, many of the issues highlighted in the PASDEP document had been floated before in earlier World Bank sponsored consultancy reports, reviews and seminars. As the most influential player in the donor community, the World Bank provides a networking/brokering role, with the Development Assistant Group (DAG) made up of a range of ‘development partners’. This group is in constant engagement with the Government to examine and refine particularly the policy matrix, which consists of the key indicators.

The draft version of PASDEP was released in December 2005. It emphasises continuity in the broad, strategic direction pursued under the SDPRP, namely those related to human development, rural development, food security, and capacity building. It does, however, hail some strikingly new and different policy directions. Unlike the SDPRP, a major emphasis is placed on economic growth to be achieved mainly

through greater commercialisation of agriculture and with a strong push from the private sector. In addition to this, and in line with international PRSP processes, the PASDEP endorses the scaling-up of efforts to achieve the Millennium Development Goals (MDGs), with much emphasis being put on reaching the targets by 2015.

The PASDEP narrative places agriculture at the centre of its growth strategy and the private sector is expected to play a leading role. The enunciated 'massive push to accelerate growth' is proposed to be driven by large-scale agricultural commercialisation with a strong export focus (with diversification beyond coffee production) and by the exploration of high-value niche markets in high potential areas – floriculture is currently of great appeal; other areas of interest include tourism<sup>6</sup>, spice production, horticulture, and mining.

The government is expected to withdraw progressively from intervention in agriculture, although some public investments and service delivery are believed to be required to kick-start private sector development. Identified areas of state intervention include: rural infrastructures development (feeder roads and irrigation systems), financial sector reforms and development of agricultural credit markets, specialised extension services, measures to improve availability of seeds and fertilisers, measures to improve land tenure security and make land available for large-scale commercial farming, and macro-economic stabilisation to ensure a stable exchange rate and low inflation.

In parallel with this emphasis on growth and agricultural commercialisation, the government, under PASDEP, has in parallel renewed its commitment to supporting smallholder farmers. This of course was the centrepiece of the earlier PRSP document, which emphasised the rolling out of a massive extension effort, based on the

experience of the Sasakawa Global 2000 programme and the subsequent government PADETES programme, focusing on a technology package of seeds and fertilisers, supported by credit and field level extension. In PASDEP, a combination of targeted interventions are proposed which include: intensification of extension support at the kebele<sup>7</sup> level, establishment of a network of demonstration centres, increased low-level veterinary services, small-scale irrigation support and better use of ground water, and productive safety net and off-farm income-generating initiatives, supported under the ongoing Food Security Programme.

Amongst other novel deliberations – and certainly in contrast to previous policy formulation, which tended towards a one-size-fits-all package approach – the PASDEP recognises the need to tailor agriculture interventions according to specific economic and agro-ecological conditions of very diverse geographical locations. The research carried out by IFPRI in collaboration with EDRI and others have generated three different zones – conveniently labelled the 'Three Ethiopias'. These are (i) the 'traditionally settled semi-arid highlands', (ii) the 'potentially productive semi-tropical valley areas' and (iii) the 'hot semi-arid lowlands'.<sup>8</sup> The World Bank has its own version under the label the "Four Ethiopias".

Hence, in areas with potential for commercialisation and diversification – where there is already access to markets and infrastructure, where there are concentrations of high-potential (such as fertile river valleys), or large under-exploited productive areas – the emphasis will be on facilitating private sector exploration of commercial opportunities. In drought-prone regions, the emphasis will be on food security, reduction of production volatility, diversification away from reliance on food crop production, increasing off-farm income opportunities, and,

where appropriate, voluntary resettlement to more productive areas. In regions with adequate rainfall, the emphasis will be on improving infrastructure and basic input and market systems to facilitate increase in agricultural productivity. This agro-ecologically differentiated approach also highlights the importance of pastoral areas, a feature of the Ethiopian agricultural landscape, which was almost totally ignored in policy documents in the recent past. In pastoral areas, then, the emphasis will be on providing appropriate infrastructure and social services and tailoring research and extension to the needs of dry land agriculture and livestock.

In this respect, despite being marginalized in the policy/strategy formulation process, some regions are ahead in recognising agro-ecological differentiation. For example, Box 1 presents a summary of the options for agriculture in SNNPS, emerging from discussions held at a Future Agriculture Consortium workshop in Awassa in March 2006.

### **2.3. Is there a shift in development approach?**

The list below shows the main thrusts of the SDPRP and PASDEP. The PASDEP focus on growth and commercialisation of agriculture is perhaps the major contrast between the two documents. No longer it seems is the government giving primary emphasis to equity and poverty reduction, but sees wider economic growth being the route to meeting these objectives in the longer term. Does this mean that Ethiopia is abandoning its “pro-poor growth” strategy, and the basic tenets of policy enshrined in the ADLI strategy? How is the government envisaging that the growth push be linked to strategies social protection, food security and poverty reduction?

Ethiopia is a diverse country in more ways than one. A geographically differentiated strategy is therefore an imperative, as many have argued before. PASDEP appears to have taken this on board, at least with the recognition of ‘Three Ethiopias’. But is this enough? Discussions in SNNPS (see Box 1) highlighted how, even within a region, there are numerous different context-specific options. Regions like the SNNPS

#### **Box 1a. Options for Agriculture: the case of SNNPS**

Discussions about the future of agriculture in SNNPS were necessarily located in the diverse local contexts of the region. The regional government for example has identified three areas, associated with different intervention strategies.

Thematic area 1 - High population density areas, largely highland: constrains and futures

In most of these areas the key constraints are land holding size and fragmentation, and the difficulty of making sufficient income from farming to sustain livelihoods. Because of the very marginal and highly vulnerable nature of the economy, these areas produce only limited surplus and there are few off-farm economic opportunities beyond trade at very small scales.

In the future, continuing the standard extension packages for such constrained agricultural settings is probably not the best investment of resources. Out-migration to alternative livelihoods in other places will be key to the future of such areas. With land pressure reduced, farmers may then be able to invest in new technologies/management practices and produce surpluses for markets. But some degree of depopulation is seen as a pre-condition. However, it was noted that such movement of population must involve a ‘pull’ to new opportunities, rather than a ‘push’ as part of conventional resettlement programmes.



have already been developing their own thematic area specific strategies, but how will these articulate with the national-level PASDEP vision? How will other regions be encouraged to develop their own tailored responses to the PASDEP framework? The PASDEP document is

### Box 1b

#### Thematic area 2 - Humid forest areas: Constraints and futures

The western areas of the region are sparsely populated and covered with dense forest, with coffee being an important cash crop. The main current constraints centre on infrastructure linkages (roads and other communications) and market access. Although recent road building has improved things, the incentives for external investment in the area remains limited because of remoteness/poor infrastructure etc.

While recognising the environmental issues, and the need to protect certain areas for biodiversity reasons, the agricultural and market potential of this part of the region was also highlighted. Here the promotion of niche commercial investments in particular commodities, extending beyond coffee to bamboo, spices and honey production on a commercial scale is one possible future scenario. Developing further high value niche markets, for example organic coffee, investment in local agro-processing capacities (e.g. bamboo products) is another future scenario. Attracting external investment, linking new enterprises with new markets and improving the infrastructural base, as well as

### Box 1c

#### Thematic area 3 - Lowland pastoral areas: constraints and futures

The familiar constraints of dryland pastoral areas such as drought, limited water sources, limited veterinary support capacity are features of this thematic area. Market issues are also important especially for increasing income to the pastoral sector. However, due to the recurrent cycles of droughts and other factors that many pastoralists were no longer able to sustain a 'traditional' pastoral way of life.

Different scenarios are envisaged for those in the livestock business and those who have either dropped out, or are very marginal. For those with animals the focus should be on market development and ensuring that livestock products get the best possible price. This requires improving infrastructure (mostly roads), and ensuring that the trading system runs efficiently and transparently. Given the riskiness of the livestock system, and its increased vulnerability to drought impacts, systems of 'drought cycle management' are recommended, involving facilitation of destocking/restocking and associated financial mechanisms to assist this process. With growing urban demand for smallstock in the region, the trade in goats and sheep is set to increase. Combined with the demand for export (both illegal cross-border and formal) for large stock, the prospects for a vibrant livestock sector (for some, but not all pastoralists) looks likely.

For pastoral 'drop outs' alternative income earning opportunities are very few. Settlement for agriculture is one option, but without substantial investment in irrigation viability of this option is questionable. Removal of riverine areas for agriculture in pastoral areas could also have a negative impact on the remaining pastoral system. Other options for economic diversification in these areas are needed. Developing a sustainable fisheries industry in the rift valley lakes is a major priority with an effective mechanism against substantial depletion of stocks

rather silent on such issues. Despite nods towards agro-ecological differentiation and recognition of regionalisation/decentralisation, the practicalities of which broad policy translates into a local-level planning and implementation process remain rather unclear.

So how new is the PASDEP approach in reality? Most of the new policy ideas and directions in the PASDEP have been debated formally or informally for quite some time, but to date have largely been ignored by the Government. Commentators are asking “why now?” Has the government evaluated the previous approaches? What has been the outcome? Why is the ‘growth thrust’ and commercialisation of agriculture being seen as the key to problems of Ethiopia now?

Main thrusts of SDPRP

- ADLI
- Civil Service Justice System Reform
- Capacity Building
- Governance, decentralization and empowerment

Main thrusts of PASDEP

- A Massive Push to Accelerate Growth
- A Geographically Differentiated Strategy
- Addressing the Population Challenge
- Unleashing the Potential of Ethiopia’s Women
- Strengthening the Infrastructure Backbone
- Managing Risk and Volatility
- Scaling up to Reach the MDGs
- Creating Jobs

### **3. What different pathways of agriculture are prioritised?**

Analysis of policy pathways for agriculture in Ethiopia has generated several overlapping options. For example, Carswell (2002) identified 13 pathways of change for a study area in Wolaita, SNNPS. More recently, Devereux, et al. (2005) have elaborated four pathways for Ethiopian agriculture. These offer broad, yet

overlapping, directions including smallholder intensification, off-farm diversification, commercialisation and depopulation/out-migration. In the following sections, the paper examines how the PASDEP document views each of these different pathways.

#### **3.1. Pathway 1: Intensification of smallholder agriculture**

Following the conventional ‘input-output’ model of agriculture, intensification argues for enhancing smallholders’ access to inputs such as improved seeds, fertilizers and draught power. This thinking underpins the Government of Ethiopia’s extension programme, and projects such as Sasakawa Global 2000, which channels fertilizer and seeds to farmers on a revolving credit basis and has had some success in raising crop yields in some places at some times. Unfortunately, such schemes are prone to collapse (or require heavy subsidy) whenever a bad harvest undermines farmers’ ability to repay their loans.

Cereal production in the highlands averages around two tons/ha if the rains are good. Since chronically food insecure households cultivate less than one-half of a hectare, they cannot produce enough food for self-sufficiency, even in a good year. Given the certainty of erratic weather and failed harvest every few years, these smallholders are trapped in a low productivity trap, with plots that are too small to generate livelihoods from agriculture alone. Since they are focused on surviving and managing shocks from one season to the next, the authors concluded smallholders have no prospect of escaping poverty through agricultural intensification.

A previous study in SNNPS (Carswell, 2002) found that different pathways require different asset endowments, which, in turn, depend on different institutional arrangements. For example, to adopt intensification through increased labour inputs, the institutions that

## Box 2. PASDEP on intensification<sup>9</sup>

The agricultural strategy will revolve around a major effort to support the intensification of marketable farm products – both for domestic and export markets, and by both small and large farmers. Elements of the strategy include the shift to higher-valued crops; promoting niche high-value export crops, a focus on selected high-potential areas, facilitating the commercialisation of agriculture, supporting the development of large-scale commercial agriculture where it is feasible; and better integrating farmers with markets – both locally and globally. The majority of this response will have to come from the private

enable access to labour (e.g. working groups) are particularly critical. The enset and root crop gardening systems of the highland area of Wolaita are good examples of this sort of intensification. This requires considerable labour for hand hoeing, manuring and weeding.

The intensification presented above focuses on food crops (both cereal and non-cereal) with a view to ensuring food self-sufficiency. The intensification envisaged in PASDEP differs from these options. It shifts the focus from food production to marketable farm products. It is implicitly assumed that there is no land or labour constraint to engage in this type of intensification.

What does PASDEP have to say about this intensification pathway for agriculture? Box 2 summarizes the position taken.

Unlike its predecessor, PASDEP is more circumspect about the potentials of a major and broad emphasis on technology packages and extension across the smallholder sector. Evaluations of the PADETES programme have highlighted shortcomings, particularly in areas where small and fragmented holdings exist alongside persistent poverty. In such areas, farmers are unable to adopt the package, and if they do may end up indebted. A more targeted approach is envisaged in the PASDEP document, with an emphasis on linking farmers with markets and exploring niche opportunities (Box 2). However, different parts of the document appear to offer different priorities. While the early sections, and the specific discussions on

agriculture, continuously highlight the focus on commercialisation, niche markets and market linkages, later sections, which prioritise expenditures (particularly under the scenario that not all the requested funds will be available) put the continuation of the extension package through the Ministry of Agriculture at Federal level and Bureaux of Agriculture at Regional levels as a priority. This position reflects the two main strands the government wishes to pursue in agriculture: (i) commercialisation (ii) continued to historical support to small holders (see Section 4.1 of PASDEP).

Of course this tension between priorities and focus is reflective of the drafting process and the inevitable compromise of such a document – on the one hand the MoFED and the World Bank were emphasising a new thrust on growth, with agriculture – and particularly new commercial initiatives under a dualistic system – being central, and on the other, the technical/ministry representatives arguing for a continuation of the status quo, and the long-running emphasis on broad-based extension based on technology packages for the smallholder sector.

### 3.2. Pathway 2: Commercialisation

Many commentators agree that getting agriculture moving requires giving incentives to individuals who invest in farming and develop businesses, and not constraining their efforts. Generating income will create employment and income multipliers, increasing the tax base to finance government investment in jobs and

services, including a more effective provision of social protection for the vulnerable. This narrative is at the core of the PASDEP document, reiterated frequently by the World Bank and other donors. This puts the commercialisation of agriculture at the centre of the policy debate, something that has been shied away for much of the past three decades.

Indeed, the last time that commercialisation of agriculture saw such prominence in the Ethiopian policy debate was in the late Imperial era during the 1960s, when the emperor, Haile Selassie, and his technical experts advocated a strategy of commercialisation of agriculture for growth (Dessalegn, 2004). The imperial government was influenced by experiences in post-independence east Africa where a dualistic agriculture with a strong commercial sector thrived. The agricultural modernization agenda was in full swing, and reinforced by numerous consultants, aid projects, and loans from the World Bank. Following the revolution in 1973, such efforts took a back-seat, however, and agricultural commercialisation was seen in terms of nationalization and the creation of state farms. Most assessments show these to have been a failure and by the time the interim government took control in 1991, most were in a bad state with limited production occurring. Attempts to attract external investors into the agricultural sector have been on-going since 1991, but somewhat half-hearted. As many have pointed out restrictions on land ownership, capital repatriation, and other investment issues have put off all but the brave, and those with very good political connections. In any case, despite rhetorical nods towards commercialisation, the focus of government policy has for the past 15 years been solidly on poverty reduction and small-holder intensification (Pathway 1, above).

The full implications of adopting a commercialisation strategy have been difficult to accommodate. As many have pointed out, an obvious implication of a commercialisation pathway for

agriculture is that entrepreneurial individuals should be allowed to accumulate land, which in turn would suggest privatising land rights and introducing market principles to land transactions. This would result in the consolidation of tiny family plots into large commercial farms, which might (or might not) be more efficient and productive, but would also displace those who sold up. Many inside and outside the government, assert that this is arguing for a return to feudalism, or at least will lead to a re-stratification of rural communities into land-owners and landless labourers, something that is both politically and socially unacceptable. Others argue that this approach contradicts evidence for an “inverse relationship” between farm size and productivity: assuming this relationship holds, commercialisation will not raise productivity, and might reduce it, as witnessed on the state farms of the 1980s. Two final critiques of this commercialisation vision are that it removes the safety net that access to land currently provides for rural households, and that it relies on assumptions of “trickle-down”, which, given the conditions of Ethiopia, is unlikely to generate pro-poor growth and sustainable poverty reduction.

So given these long-voiced and well established concerns, does the government (or at least parts of it) seem to have endorsed a focus on commercialisation of agriculture as central to the new economic strategy? Several factors can be suggested. One is that despite some successes, and much hype besides, many feel that the technology extension package approach (Pathway 1) spread thinly across the country is unlikely to make the in-roads into low growth and persistent poverty that advocates had hoped. While positive indicators of both productivity growth for staples and poverty reduction have been presented (although details are hotly disputed) in evaluations of the first PRSP, and related programmes, there is a sense that something else has to be done. Over

the last few years there has been a consistent stream of studies, sponsored by donors and particularly the World Bank, that have emphasized growth, and commercialisation of agriculture as central to the solution. This reflects a wider shift in the debate about agriculture and development more broadly, and the advocacy by a range of influential donors and policy institutes of a growth-oriented strategy for agriculture (qualified of course by arguments for it being pro-poor and pro-livelihoods). Emerging from Social Accounting Matrix models and other large-scale surveys and reports (Alemayehu Seyoum, et al. 2006), a strong policy message has been repeatedly highlighted in Ethiopia – go for growth in agriculture. For reasons discussed

above, this was not immediately taken on board by the government.

But other things were going on too. Over the last few years, investments in high value agriculture (notably floriculture and horticulture) have been springing up around Addis Ababa. Cut-flower private farms have mushroomed at a speed unprecedented in any commercial venture in the country – from two farms 2-3 years ago to 16 farms in 2006, all situated within 50 km radius of Addis Ababa (North, South, East and West), and with fast link to the airport that such perishable products require. These have been encouraged by concessionary finance and grants from donors (notably the Dutch government) and involve foreign investors, often working in collaboration with local

### Box 3. PASDEP on Commercialisation

The PASDEP carries forward important strategic directions pursued under the SDPRP, but also embodies some bold new directions. Foremost among them is a major focus on growth in the coming five-year period – with a particular emphasis on greater commercialisation of agriculture and the private sector - and a scaling-up of efforts to achieve the Millennium Development Goals [p. 1].

The growth acceleration initiative has two main thrusts: commercialisation of agriculture, and promoting much more rapid non-farm private sector growth.[p 11]

Elements of the strategy include the shift to higher-valued crops; promoting niche high-value export crops, a focus on selected high-potential areas, facilitating the commercialisation of agriculture, supporting the development of large-scale commercial agriculture where it is feasible; and better integrating farmers with markets – both locally and globally. [p 11]

The main objective during the PASDEP period is to accelerate the transformation from subsistence to a more business/market-oriented agriculture. However, this needs to be done while protecting the essential agricultural base on which the poor depend for their livelihoods. There are, thus two thrusts to the strategy: the commercialisation of agriculture, and continued support to pro-poor basic agriculture within the frame work of the national food security program, aimed at achieving food security within the next five years. [p 45]

During the coming five years, while attacking the pro-poor and food security objectives, the Government will do everything possible to promote a transformation out of this low-productivity trap. Elements of the program will include rural roads, irrigation, a change in service delivery for extension and research with particular emphasis at the grassroots level, selected government support for commercialisation where there are gaps in private provision, and at a minimum, maintaining the natural resource base, and preferably starting to reclaim it. [p 45]

With respect to the commercialisation of agriculture; so far 35 commodities have been identified that have the potential for a high growth impact (such as spices, cardamoms, etc)

entrepreneurs. The government, through its media, is trying hard to convince the public that exports of flowers to Europe (mostly the Netherlands, on the now three-weekly flights to Amsterdam)<sup>10</sup> is the major achievement to the extent that the Foreign Minister recently described the situation as “Ethiopia has opened its eyes” For government advisors and politicians this is a tangible expression of the potential for economic growth (and export-led growth at that) through agriculture.

The combined effect of the drip, drip impact of policy argument and data and the demonstration effect of the exploding floriculture business has, it seems resulted in a change of direction. Ethiopia, it is argued, can be the ‘new Kenya’, and press reports and popular anecdotes suggest that businesses are shifting to Ethiopia where conditions are more conducive to new investors in the export agriculture sector. Box 4 provides highlights of PASDEP position on commercialisation. Great play is made of the promotion of commercialisation of crops, notably high value products such as cut flowers – recently labelled as “the other green gold” in contrast to coffee – and livestock with live and meat exports to the Middle East (and particularly new markets such as Egypt) seen to be potentially highly lucrative.

Yet there are downsides to the commercialisation pathway as some point out. While cut flowers provide a rapid in-flow of cash (foreign exchange), their contribution to long-term development is questioned. How will this trickle-down to the poor, in the vast rural hinterlands of Ethiopia? Given that these new farms have displaced some of the best food crop (mainly cereals) producing farmers, what is the opportunity costs of such ventures? And what about the longer term social and environmental costs of such efforts? Are there lessons to be learned from Kenya, for example? Here pesticide pollution of water supplies and workers has been raised as an issue, as well as labour and pay

conditions of temporary women workers in particular. What, then, is developmental impact of such commercialisation pathways for Ethiopia? These issues – perhaps unsurprisingly – are not raised in the PASDEP document, which, as Box 4 shows, has a strong positive spin on the potentials for the commercialisation pathway.

### **3.3. Pathway 3: Diversification<sup>11</sup>**

A key insight of the diversification literature is that factor productivity within agriculture (in terms of output/ha) matters much less than the proportion of livelihood derived from agriculture. Given the inability of most Ethiopian smallholders to make a living from agriculture, because of resource constraints and recurrent shocks, increasing policy attention has turned to supporting alternative livelihood activities. The government’s strategy of ‘Agriculture Development-Led Industrialization’ (ADLI) recognises the reciprocal linkages between agriculture and other sectors, but has had little discernible impact to date. Unlike the previous PRSP where ADLI was centre-stage (see above), it received very low profile in PASDEP. Recently, the government has promoted “livelihoods packages” that aim at supporting secondary sources of income (such as beekeeping) by smallholder households, as a way of supplementing and diversifying household incomes against drought and other production shocks.

Policies, however, have not addressed the broader challenges of off-farm diversification, and particularly how small urban centres might offer the opportunity for widening economic activity and adding value to agricultural production (cf. Devereux et al, 2003). Such cross-sectoral debates – linking agriculture with urban/enterprise development with infrastructure – in the context of a wider economic strategy have been strikingly absent in Ethiopia. The refrain that “agriculture is the mainstay of the economy” (see above) has become so self-reinforcing that,

despite the obvious limits of agriculture-driven growth and livelihood opportunity, particularly in the highlands, the central role of agriculture has been little questioned. For a long time the central Ministry of Agriculture was, with donor support, a key player in economic policy in Ethiopia and maintained a hold on the how policy debates were framed. Today this is no

longer the case, due to regionalisation/decentralisation and the central importance of the MoFED and the Prime Minister's office in strategic policymaking. But despite this shift in the locus of policymaking, the wider questions of diversification, links between agriculture and urbanization and so on are still not central to the development debate in Ethiopia.

#### Box 4. PASDEP on diversification

There are two underlying principles [adapted to ensure food security]: a reliance on helping farmers use their own resources to overcome food insecurity – both through agricultural improvements and diversification of off-farm income sources – and a shift away from reliance on foreign food aid. The program has three components: direct food production interventions, a productive safety net, and voluntary resettlement. [p 50]

In the rugged and difficult geography of Ethiopia, many remote areas see their potential for dynamic private sector growth and diversification out of agriculture hindered by the lack of basic infrastructure. [p 3]

The development of a balanced urban system offers the opportunity to increase market integration by facilitating exchanges and the division of labour, as well as facilitating diversification in the non-agricultural sector. [p 5]

A major expansion of exports, and diversification beyond coffee, which has been subject to declining prices; in order to fuel growth, to widen the economic base and reduce susceptibility to shocks, to earn essential foreign exchange, and, in the longer-term, to reduce the dependency on foreign aid; [p 9]

It [PASDEP] will also continue to pursue the strategy of Agricultural Development Led Industrialization (ADLI), but with important enhancements to capture the private initiative of farmers and support the shifts to diversification and commercialisation of agriculture. [p 11]

The solutions [to volatility] lie in: diversification – both at the household level (for example by diversifying into several types of crops, and having a greater range of off-farm income sources); and at the national level (for example by diversifying the export base to reduce susceptibility to swings in the price of a single commodity, such as coffee). [p 15]

The focus in the next stage, under PASDEP, will be on transforming smallholder peasant agriculture to commercial farming systems; on reducing dependence on rain fed agriculture by investing more in irrigation; and export diversification and promotion, as well as strengthening livestock development. [p 33]

... drought-prone regions, where the emphasis will be on food security, measures to reduce the volatility of production (for example through irrigation where feasible), Diversification away from reliance on food crop production, increasing off-farm income opportunities, and, where appropriate, voluntary resettlement to more productive areas; [p 46]

Crop research deals with traditional food crops, as well as with high value crops such as vegetables, spices and other horticultural crops. The major outputs are varieties with

That said, the PASDEP document does address diversification more concretely than the earlier PRSP. Diversification is discussed in three ways: with respect to off-farm income, agricultural commercialisation and export and urbanisation. Box 4 provides highlights of the context in which diversification is promoted in PASDEP.

A welcome move is the emphasis given to adult education. PASDEP says “Many small farmers – who tend to be illiterate and poorly connected with market systems – lack the information and bargaining power to benefit fully from market transactions”. Regions are encouraged and will receive the necessary support to conduct literacy classes.

PASDEP has taken issues of off-farm diversification on board by launching “the urban agenda” as follows:

It is recognized that there will inevitably be a growing trend towards greater urbanization, and that a significant part of the modern sector growth will inevitably take place in urban areas. Furthermore, hundreds of small towns represent tremendously important potential future growth poles. Without sacrificing the historical emphasis on the rural population, under PASDEP the government will intensify efforts in the urban sector [page 13].

PASDEP makes specific provisions for rural-urban linkages, a theme that was noticeably lacking in SDPRP. These include integrating markets, opening up the flows of labour, and access to income-earning opportunities between towns and surrounding rural areas. The specific instruments to achieve this include improved rural access roads, building up of small rural towns, improved telecommunication access, the continued spread of general education and technical-vocational training in peri-urban areas; development of small-scale credit markets; and the major program of rural electrification.

### **3.4. Pathway 4: Resettlement, migration and urbanisation**

Linked to the diversification pathway, another, more radical, response to the crisis of small-holder agriculture might be called “depopulation” (Devereux et al, 2005). Population is recognised as a challenge to the country’s development efforts. According to the 2000 household survey, the average desired family size was at least one less than actual current family size. Urban areas, Addis Ababa in particular, are achieving significantly lower births per woman than the national average. PASDEP promises to make a major effort to implement the existing national population strategy and to make available services for spacing births.

During the 1984-85 famine, and again in the ongoing – and equally controversial – Voluntary Resettlement Programme (VRP), the Ethiopian government identified land scarcity as the binding constraint on highland agriculture, and relocation of farmers to lowland areas as the solution.

Under the current level of agricultural technology and overall development, areas referred to as drought prone areas cannot feed and support the people currently residing on them ... Therefore, resetting some of these people in areas where sufficient land and rainfall are available is one of the basic means to ensure food security. (FDRE 2001: 63).

During SDPRP, the government planned to resettle 2.2 million people in three years, thereby alleviating pressure in the land-stressed highlands and providing “access to improved land” (where this is available) to families who “agree” to move. FSS (2006) reported that from 2003 to the end of 2005, the government resettled over 500,000 people in four regional states, namely Oromiya, Amhara, SNNPS and Tigray. Compared to the planned figure and timeframe, the performance is relatively poor. More resettlement is planned for 2006.



Concerns have been raised that resettlement is a misguided strategy that has invariably been implemented badly in Ethiopia – again, early reports suggest serious implementation failures with the Voluntary Resettlement Programme – and it is therefore unlikely to achieve its objective of improving food security among re-settlers (Dessalegn Rahmato, 2003).

More recent research into the dynamics of resettlement (FSS, 2006) explains why some settlers are more successful and rapidly become food self-sufficient whereas others remain food insecure or leave settlement areas. Using the Government's own principles, the study found that:

(i) Voluntarism - the resettlement can be characterized as having elements of indirect compulsion and inducement if not outright coercion.

- (ii) Underutilised land – limited time and resources hindered careful planning and assessment of land availability and existing land uses. In some cases, the land selected was used by local groups as fallow areas, for grazing or forest resources.
- (iii) Consultation with the host people – consultation with local peoples took place to obtain their consent. However, this was generally restricted to convincing them to accept the resettlement and mobilize them to prepare for the resettlers arrival by building shelters.

Despite these and other shortcomings, the government has renewed its commitment to resettlement in PASDEP (see Box 3 below).

During SDPRP, the government responded to stress in the pastoral economy by arguing for sedentarisation of pastoralists along rivers or in

### Box 3. PASDEP on resettlement and pastoralism

#### Highland farmers

Over the last many years, a large portion of the country's population has been forced to depend on food aid for survival. These are people who have lost the capacity to be productive mainly due to land degradation, drought and high population pressure. On the other hand, the country has a considerable amount of land currently under-utilized, but still suitable for farm activities. To rationalize the resource use, the government has embarked upon resettlement as part of its food security program. Accordingly, it has targeted to help resettle 440,000 households or 2.2 million people over three years. The program is purely on voluntary basis, and each settler household is guaranteed assistance of packages that include provision of up to 2 hectares of fertile land, seed, oxen, hand tools, utensils, and food ration for the first eight months. The settlers are also provided access to essential social infrastructures (clean water, health post, feeder road), and logistics support. To date over 149,000 households (about half a million people) have been resettled. Despite some problems encountered in early implementation, especially during the first year, the resettlement program has proved

#### Pastoral areas

Under PASDEP a major effort will be made to reach them [pastoral communities] with tailored programs. In education, a network of informal community-based schools and teaching arrangements is being developed; and mobile outreach health services will be strengthened. Special programs will provide improved veterinary services, and strengthen livestock breeds, marketing, and early-warning systems. Water points will be constructed adjacent to range areas for dry season utilization, and infrastructure (such as roads, communications, and small-scale irrigation) will be built up, both to improve current

small towns. The Pastoral Development Policy advocated phased voluntary sedentarisation along the banks of the major rivers as the main direction of transforming pastoral societies into agro-pastoral system, from mobility to sedentary life, from rural to small pastoral towns and urbanisation' (FDRE 2002: 5). However, as highlighted in Box 3, the emphasis in PASDEP is to provide tailor-made services such as education, human and animal health and expanding infrastructure in pastoral areas, and to "facilitate the slow transition for those who want to shift towards settlement over time".

Resettling farmers certainly eases the pressure on land, but, given population increases, it is only a matter of time before congestion occurs again. Resettlement, therefore, is a temporary solution to a more intractable problem. For many, then, the lasting solution is to transform agriculture in such away that some of its residents depend on non-agricultural activities – activities that do not put too much demand on land in line with the diversification strategy (pathway 3, above). Many argue that the current level of 84% of the population depending on agriculture is not viable in the longer term. At a workshop held for Future Agricultures, participants were asked to state what proportion of the population they expect to see depend on agriculture in 25 years from now. Although the sample is too small (N=15) to draw any generalisable conclusion, the result shows a desire to see agriculture population reduce to a level that allows it command a larger land holding, with an average figure of 60% reliant on agriculture in 25 years time.

#### **4. PASDEP Links with Other Policy Frameworks and Papers<sup>1213</sup>**

The agriculture and rural development sector in Ethiopia is populated by a diversity of policy strategies and documents that include:

- Agricultural Development-Led Industrialisation (ADLI)

- Rural Development Policies, Strategies and Measures
- Land policy
- Food Security Strategy
- Productive Safety Net Programme
- Voluntary Resettlement Programme
- Pastoral Development Policy

The hierarchical structure and sequence of these policy frameworks and papers is hard to map and the similarities or differences between them not always obvious. These major policy documents are briefly reviewed and commented upon in order to contribute to a better understanding of the linkage between these policy/strategy papers and PASDEP.

#### **4.1 Agricultural Development Led Industrialisation (ADLI)**

According to SDPRP (2002:13), "ADLI is a strategy in which agriculture and industry are brought into a single framework, wherein the development of agriculture is viewed as an important vehicle for industrialisation by providing raw material, a market base, surplus labour and capital accumulation".

ADLI has been the flagship of the Ethiopian Government since the early 1990s. The government argued that as an agrarian country, Ethiopia does not have the necessary capital for an outright industrial development. The most appropriate strategy is to go for agricultural development as the first stage of development and industrial development as the final goal. ADLI is also believed to be the principal instrument of pro-poor growth.

However, as discussed earlier in this paper, ADLI has been subjected to severe criticism. Critics argued that agriculture in its present condition could not even feed the population that depends on it. The land is highly degraded in most part of the country and the agricultural labour is largely unskilled. Therefore, agriculture's chances of leading to capital accumulation and then to industrialisation are slim.

Because of, or in spite of, these critics, ADLI is toned down in PASDEP. Key informants suggested that the promotion of agro-processing, near the source of supply, should have been the principal instrument for the realisation of ADLI's dream. In rural Ethiopia, on a typical market day, farmers are seen carrying half a kilogramme of honey or butter or taking a single goat or sheep to the market. They travel a considerable distance to reach the market. The notion of marketing is very rudimentary in the sense that they sell an asset or a product to solve a specific financial problem (e.g. pay debt, pay for medical expenses) not to make profit. Ethiopian farmers have a long way to go before they become professional businessmen and women. ADLI failed to work on these aspects, which are now picked up by PASDEP – "to accelerate the transformation from subsistence to a more business/market-oriented agriculture" (p 45)

The case study below demonstrates that, if farmers are provided with technical skills to increase production and provided with an outlet for their produce in a form of marketing cooperatives, their livelihoods can change for the better.

#### **4.2. Rural Development Policies, Strategies and Instruments**

In the 'Rural Development Policies, Strategies and Instruments' document the Government explicitly stated its economic policies are rural centred since 85% of the population live in rural areas. The policy document, issued in 2002, contains several ideas that have been retained in PASDEP. For example, preparing development packages that suit the diverse agro-ecological zones of the country (geographically differentiated interventions) has already been in the air. Some of its strategies are: Developing and utilising human potential; proper utilisation of land; promoting a market led agriculture development; and improving rural finance. Encouraging private investors into the agriculture sector is also seen as an important tool.

The Rural Development policy document was issued as an operational policy of ADLI (EEI/EEPRI, 2005). However, the former has a considerably different tenor, which places the commercialisation of smallholder farming at the centre of the agricultural policy approach (and not responding directly to industrialisation concerns). As presented in earlier sections, PASDEP preserves this concern for smallholder production, although it also puts significant

#### **Box 4. Case study of honey production, processing and marketing**

SOS Sahel International UK with a financial support from the Royal Netherlands Government is implementing "the Apiculture Development and Trade Promotion Project" that supports Beekeepers Cooperatives in Amhara Regional State. The aim of the project is to improve the well-being of smallholder beekeepers by enabling them produce high quality bees' products and to enhance domestic and international markets. The Beekeeping Farmer Cooperatives are the owners of this project and they are supported with technical advices of the lead partner. The project since its inception in 2003 has succeeded to organise four marketing cooperatives that are legally registered and linked with credit facilities have bought 40 metric tones of honey during the first harvest (Oct-Dec, 2003). Market surveys prove that there is a promising opportunity to sell honey, beeswax and other bees' products both at domestic and overseas. So far, various specialists from reputable institutions have been commissioned to provide technical assistance to beekeepers and their cooperatives in various aspects of honey production, processing, quality control and marketing.

Source: SOS-Sahel International UK Brochure.

emphasis on exploring the potential of large-scale agriculture in high-value niche markets for exports.

### 4.3. Land Policy

This document also serves as the principal source of the Government's land policy – the most contentious topic in the country. Throughout the history of Ethiopia, land has been a political instrument as well as an economic instrument. Rahmato and Kidanu (1999) document the journey of the Ethiopian land policy through the three most recent regimes. During the Imperial regime, a class of landed nobility had extensive land holdings making them not only economic masters but also political masters. The system was exploitative. Farming peasants paid rent and the entire family rendered a variety of services to their landlords. In the 1960s and 1970s, a good deal of evictions took place due to the expansion of large-scale mechanised agriculture.

As soon as the Derg regime took over in 1974, it implemented the most radical policy initiative in the country's history – nationalised all land with intent to break the relationship between tenant and landlord once and for all, with a "land to the tiller" land reform, adopting the slogan of civil movements since the 1950s.

With hindsight, the land reform process was too driven by political objectives to be effective economically. In many respects, the reform was a failure because: (i) it confiscated land without compensation, thereby undermining key economic players – the landlords; (ii) it redistributed the land with the strict conditions that farm plots could not be sold, mortgaged or transferred in any way except to one's children. As Rahmato and Kidanu (1999) noted subsequent policies aimed at the socialisation of agriculture alienated the peasantry. Moreover, the reform gave rise to frequent re-distribution of land and, as a result, created a high degree of tenure insecurity.

Following the takeover by the EPRDF regime, in view of its declaration of the market economy, there were expectations that the land issue would be addressed in a way that promoted economic growth. However, in 1993, the Government stated that the land will remain state property and the farmers would continue to have user rights only. Minor amendments were made, including the ability to sub-contract or rent land on a short-term basis. Land redistribution in the early days of the regime and the resettlement programme were sources of tenure insecurity.<sup>14</sup> In order to address this, the Government has begun the process of land registration and certification, which many regard as a step in the right direction.

Unfortunately, PASDEP is quiet on providing details about tenure security for small farmers, but mentions that measures will be taken to improve land tenure security, and to make land available where feasible for large-scale commercial farming, for investment and trade purposes (pp 11-12).

The present expansion of cut flower farms is the clearest demonstration of "making land available for large scale farming" at the expense of small farmers – a reminder in many ways of the 1960s and 1970s. Although these farmers are said to receive compensation, there are several issues not clear to the public. How much do they receive? What do they do with the money? Are there opportunities for them to invest or acquire land? How does the new land compare with the previous land in terms of fertility, access to market?<sup>15</sup>

### 4.4. Food Security Strategy<sup>16</sup>

As remarked earlier, the difference between the various agricultural policy/strategy documents is not very clear. One such confusion exists between the food security strategy and the rural development policies and strategies outlined above. The main distinction perhaps is that the food security strategy focuses on the chronically

food insecure households, whereas the rural development strategy is about achieving food self-sufficiency at national level.

The food security strategy, first launched in 1996 and revised in 2002, has elements of environmental rehabilitation, water harvesting, introduction of high value crops, livestock and agro-forestry development. It elaborates on the extension programme that offers farmers a menu of market-oriented technological packages and recognises diversity of agro-ecological zones in Ethiopia create opportunities to exploit and enhance diversification and specialisation.

A major emphasis is given to shifting emergency assistance from food to cash and, when food becomes absolutely necessary, to shift procurement of relief food from imports to domestic purchase. This is also a document that rekindled the debate on the future of pastoralism in Ethiopia by boldly stating that sedentarisation is the way forward. Further innovation focuses on the distinction between chronic and acute food insecurity, and the introduction of productive safety nets to tackle the former and strengthen emergency response capability for the latter.

It is clear from the above synopsis that PASDEP has built on the Food Security Strategy in many ways. For example, the recognised diversity of agro-ecology is sharpened into a “geographically differentiated strategy”, and the introduction of high-value crops and water harvesting are still on the agenda. A major change is the position on pastoralism in that sedentarisation is no longer so expressly highlighted, but, as shown in Box 3 above, the Government intends “to facilitate the slow transition for those who want to shift towards settlement over time”.

#### **4.5. The Productive Safety Net Programme (PSNP)**

As indicated above, the Government designed a productive safety net programme to address

chronic food insecurity and announced this under the banner of the “Food Security Coalition”. Initial estimates put the chronically food insecure at 5.6 million rural people. Current estimates put the total at about 7 million<sup>17</sup>. At the start of the programme, there were 8 regions (excluding Afar and Somali) and 262 woredas involved. With the revised estimates, the number of woredas is certain to increase.

PSNP has two key objectives (i) preventing household asset depletion and (ii) creating community assets through public works. Graduation is the key goal of the programme. That is, chronically food insecure households targeted for PSNP shall participate in other food security programmes (e.g. extension package, credit) and raise themselves out of poverty to the extent that they no longer need the safety net. Although public works for able-bodied persons is the principal component of the programme, there is also a provision for direct support to individuals or households unable to work for various reasons.

During its first year, the programme faced several challenges. Common to relief operations in the past, targeting has been a major issue. There was also complete misunderstanding of the concept of graduation in that implementers targeted households that could “graduate quickly”, thereby completely missing the real target. At grassroots level, the ability and/or the willingness to distinguish between acute and chronically food insecure households is also a major challenge. Attempts have been made to address these and other issues through capacity building work that included the development of programme implementation manual, targeting guidelines and conduct of a series of training programmes for regional and woreda implementers.

PSNP continues to enjoy a focus under PASDEP (see pp 11, 38, 52-54). Indeed, the government intends to use it as an instrument for balancing pro-poor growth with the shift to

commercialisation and economic growth. Finally, it is important to recognise that PASDEP is an umbrella policy-cum-strategy document that brings all sectoral and cross-cutting policies and strategies under a single platform, and so does not replace individual policies and strategies.

#### **4.6. Voluntary Resettlement Programme (VRP)**

Resettlement is an on-going process around the world. The objectives and manner of resettlement of course vary. In some countries, citizens are asked to relocate to other areas if, for example, city centres are congested or their residential area is needed for developmental purposes. In this process, the resettlers may be given incentives such as cheaper land, long-term loans, well-developed infrastructure. If implemented properly, resettlement can lead to an efficient use of available land resources.

In the Ethiopian context, resettlement has been implemented in the previous regimes, particularly during the Derg regime, with a view to easing the pressure on land in the highlands. However, it was badly implemented, without systematic assessment of needs and suitability of resettlement areas. The cross-regional resettlement has also led to conflicts.

The present programme fully recognised the past mistakes and promised to correct them. However, as discussed in Section 3 (Pathway 4), the programme did not adhere to the basic principles set by the government. It was not entirely voluntary, it was poorly planned, and the host communities were not adequately consulted.

The success of a resettlement programme cannot be judged on a single season or by the performance of selected individuals. It should be judged by its ability to secure food on a sustainable basis. However, the media has been

campaigning that the programme is a success. PASDEP also puts the success as follows:

Despite some problems encountered in early implementation, especially during the first year, the resettlement program has proved itself as a crucial and reliable alternative to ensure food security in a very short period of time. Recent assessment undertaken by the Federal Food Security Coordination Bureau shows that the majority of the settlers have attained self-sufficiency in food and their livelihood has improved considerably [p 52].

Experience from SNNPS, as expressed at the Future Agricultures Workshop in Awassa, is as follows:

Experience of resettlement in the region – both previous and the current effort – has been mixed. Very often new settlers find it difficult to adapt to the new setting and they confront new constraints (e.g. of human and livestock disease) in lowland areas making a new, productive life difficult. [Migration is seen as more appropriate than resettlement.] Thus, support for the growth of small towns and associated economic activity was seen as critical. In addition, investment in peri-urban agriculture - for example around Awassa on plots with relatively large land sizes – potentially offers the opportunity for new market based enterprises where input packages might be affordable/viable. Dairy farming with improved fodder grasses was cited as a possible example with potential (Awassa, March 2006).

Although the government has re-stated its commitment to resettlement, it has not indicated at what pace it wishes to continue, especially given that the target (number of households resettled against planned) in the past three years has not been satisfactory.

#### **4.7. Pastoral Development Policy**

Mohammad Abdulahi (2003) traces the historical evolution of pastoralism in Ethiopia.

Accordingly, pastoralism is one of the oldest socio-economic systems in Ethiopia in which livestock husbandry in open grazing areas represents the major means of subsistence. The uncertainties of rainfall and primary production in the rangelands have promoted livestock-based life style that both allows for and requires mobility. This lifestyle became the source of various myths about pastoralism and their land often labelled as “no man’s land”.

The state’s expansion in every direction from the central highlands particularly under Emperor Minelik II and Haile Selassie I, put most of the pastoral areas under central control. The constitutional and legal recognition of their land as no man’s land meant the system could possess pastoral land at its will.

The focus of the pastoral development policies and strategies of the past regimes have been “to change the ‘backward’, ‘nomadic’ pastoral way of life to the supposedly more ‘civilised’ and ‘superior’ life style of sedentary cultivators” (Muhammad Abdulahi, 2003:40).

What is the position of the present government? Constitutionally speaking, various provisions in the interests of Ethiopian pastoralists are incorporated (e.g. The preamble, Article 8, Article 40, Article 41, Article 50, Article 88). But what does the Government policy look like in terms of achieving sustainable development for the pastoral community? Muhammad Abdulahi (2003:43-60) seeks answers to this question in the various policy and strategy documents and finds that

- Pastoral issues were totally excluded from the Agricultural Extension Programme of 1993. However, a Pastoral Unit was established under the extension Department of the Ministry of Agriculture and Rural Development at a later stage, which went on to develop Pastoral Extension Strategy in 1999.

- Several interventions for pastoral areas were outlined but not well developed in the 1996 Food Security Strategy. The revised 2002 document elaborated on the interventions.
- On the one hand, there is an explicit recognition of pastoralism in the Rural Development Policy and Strategy in that they have to be involved in any action taken. On the other hand, it calls for sedentarisation of pastoralists.
- The participation of the pastoral communities in the preparation of the SDPRP was minimal. Hence, the sedentarisation issue was re-stated. However, it is almost dropped from PASDEP probably as a result of, by way of speculation, a conference on pastoralism, which the Prime Minister attended.

On balance, Mohammad (2003) finds that in all the policies, strategies and programmes the attention given to pastoral area development is quite minimal, reflecting a long tradition of neglect. The attempt made in the Food Security Strategy sheds some light on interventions but it is not based on careful analysis of current and past situations. Furthermore, the government policies and strategies with respect to pastoral communities is full of contradictions. On the one proclaiming lack of in-depth knowledge about these communities and on the other hand suggesting that sedentarisation is the only way. Finally, the PASDEP document, at least by dropping sedentarisation, has shown signs of listening to the pastoralists.

## 5. From policy document to implementation: the next challenges for PASDEP

Developing policies on paper is one thing – and there are certainly plenty of these in Ethiopia covering the full range of issues and options, as discussed in the previous section – but seeing

policy frameworks into action is often another. Implementation capacity has been a pertinent question for the Government since it embarked on the original PRSP. The Government claimed that its policies have always been relevant to the needs of the country, but they lacked implementation capacity at all levels, particularly at woreda level. This hypothesis led to the launch of a massive decentralisation, capacity building and civil service reform programme as the main thrust of the SDPRP. Chapter 3 of PASDEP highlights the progress of SDPRP in all sectors, while Section 3.7 in particular focuses on improved implementation capacity.

The fact that these components have been removed from the main thrust list of PASDEP and put under cross-cutting issues perhaps indicates that the Government is satisfied with the progress made. The challenge for the Government is to convince people that real progress has been made. Not everyone is convinced. For example, the decentralisation programme has been heavily criticised for blanket implementation without adequate preparation. Some argue it could have benefited from a pilot/phased approach where lessons are compiled and improvements made for subsequent phases.

The civil service reform has also been criticised for leading to considerable instability within the service, making employees feel insecure. Because of its top-down approach, the reform programme has not been owned by those who implemented it. In the opinion of the business community, the huge investment in government capacity building does not seem to have changed the attitude of the civil servants towards the very people they are supposed to serve – the public. The placement of officers based on criteria other than competence has made investment in capacity building expensive without a corresponding improvement in the

quality and delivery of services (Ethiopian Business Community, c2006).

With respect to agriculture, some believe that ADLI has been “quietly dropped” from PASDEP. The document puts it as follows:

It [PASDEP] will also continue to pursue the strategy of Agricultural Development Led Industrialization (ADLI), but with important enhancements to capture the private initiative of farmers and support the shifts to diversification and commercialisation of agriculture. But there is now a consensus that growth is of the essence, and an accelerated growth strategy is at the core of the PASDEP.

Since the ADLI approach has been subjected to severe criticism during SDPRP, it is not surprising that the government has decided to tone it down. In its review of the SDPRP process, the business community has called for “Private Sector-Led Economic Growth” to be adopted as a basic strategy.

Among the successes of SDPRP, as documented in PASDEP, are the land registration and certification process, research and extension responding to local conditions, launch of massive technical training programmes and special programmes to support the pastoral areas in Afar, Somali, Oromiya and SNNPS. Key informants consider these as steps in the right direction. However, in the absence of independent verification of the successes proclaimed by the Government, the wrangling will continue as to whether the successes have actually happened or not. The challenge is to avoid a similar situation five years from now by setting up an independent verification system for PASDEP.

Financing the proposed strategies is a major challenge for the government. PASDEP has two broad financing requirements – for poverty-oriented sectors and non-poverty oriented sectors. The former accounts for 76% of the total



requirements over the five-year period. A policy dialogue with policymakers in SNNPS (Amdissa Teshome, 2005), revealed that fiscal decentralisation underpins the budget allocation process. Woredas receive block grants based on their expenditure responsibilities and also a pre-defined formula. For over ten years, the formula included the following three broad indicators:

- size of population (population index)
- level of development (e.g. infrastructure) and
- gap between revenue and expenditure.

However, the formula has been revised a few times and is currently undergoing revision based on the Australian budget allocation experience. An example of budget allocation for SNNPR is given in Table 2. The overall structure is common to all regions, with Woredas receiving up to 70% of the regional budget.

How the PASDEP unfolds in practice therefore will depend in large part on the way actual budgets are allocated and the capacity of regional state governments to implement funded plans. Despite the high-sounding visions of such documents, unless these translate into realisable and funded activities little change will be seen. PASDEP is of course more of a vision document and guiding strategy in this sense,

so the next steps when funds are allocated and projects and programmes are elaborated will be a key test of the process. Here the actors will be different. The policy network centred on MoFED in Addis will be able to offer guidance and direction, but implementation is a much more circumspect and conditional process, particularly in the federal setting of Ethiopia (cf. Keeley and Scoones, 2003)

## 6. Conclusion

Trade-offs between growth and poverty reduction and the role of agriculture are major contemporary issues in debates about future agricultures in Africa. In Ethiopia, this has been a long-running debate, but one that has been brought into sharper focus by the recent PASDEP discussion. While the debate about the PASDEP document has been focussed on national level discussions, driven in significant part by external players, exactly how the debate plays out on the ground will depend on the implementation processes that unfold, largely at regional level. That the regions have had limited input into the framing of the PASDEP strategy is widely recognised, although the document does allow space it seems for agro-ecologically differentiated strategies.

A key challenge now therefore is to take these debates, conducted to date in often a rather generalised and abstract fashion, to the ground realities and diverse conditions of rural Ethiopia. Encouraging dialogue on future agriculture pathways for particular settings is the focus of the planned Future Agricultures Consortium work in Ethiopia over the coming months. An initial pilot discussion forum was held in Awassa, regional capital of SNNPS<sup>18</sup>. This highlighted in particular the different types of constraint affecting agriculture, rural development and livelihoods in different parts of the regional state – each requiring different types of intervention

**Table 1. Share of budget by administrative centre**

Administrative centre	%
Woredas and special woredas	65
Zone centres	15
Provisional Town Administrations	5
Regional offices	15
Total	100

Source: Public Expenditure Administration and Control sub-programme (p 19), BoFED, SNNPR, March 2004 (Amharic)

or strategy to support pathways of growth and poverty reduction. While not suggesting that a regional approach should result in a highly fragmented approach, the challenge is to attune the broad PASDEP framework (which, as discussed, covers a wide variety of options and pathways with different emphases in different parts of the document), to particular contextual circumstances and challenges.

In SDPRP, the commercialisation of agriculture was largely an unknown domain. While re-affirming its historical commitment to small-holders, PASDEP has boldly stated commercialisation is the way forward. However, the balance between large-scale and small-scale farming and between commercial and subsistence agricultural strategies is not very clear and the possible trade-offs and even contradictions between these two very different approaches are not raised in PASDEP. Some commentators have argued that the commercial large-scale agriculture focus is a response to the strong criticisms of the fading Agriculture Development-Led Industrialisation strategy; yet with close scrutiny there remains plenty of evidence of the old-style smallholder approach in the document. Inevitably the document is a compromise, part of an on-going and unresolved debate.

A number of key policy trade-offs are however worth noting, ones that will inevitably emerge as crucial focal points for negotiating what the PASDEP documents really means in practice. For example, the proposed big push for economic growth without adequate provision for social protection (except for the safety net programme) could put the government's poverty reduction strategy in jeopardy. Given the social, political and economic context of Ethiopia there is little confidence on the trickle-down approach without deliberate measures to protect the poor and the most vulnerable.

Although each and every option should be examined with a critical eye for feasibility and

relevance, on the whole, PASDEP opens several policy windows for the agriculture sector. The challenge now is to transfer the debate from the policy world of Addis to the regions, and particularly the farming areas across the country. Many future agricultures are possible, and most get some airing in the PASDEP document. But given the priorities of sustainable economic development and poverty reduction, what should the future of agriculture look like in the diverse contexts of rural Ethiopia? This paper has offered some insights into recent policy processes – and the way different networks of policy actors – have framed this question – the challenge now is to get other players engaged in the debate. This is the aim of the second phase of the Future Agricultures consortium work in Ethiopia.

## End Notes

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<sup>2</sup> This paragraph is inspired by a personal communication with Dr. Befekadu Degefe in 2002 – formerly lecturer at Addis Ababa University and also served as President of the Ethiopian Economic Association.

<sup>3</sup> For a comprehensive review of the PRSP process in Ethiopia, see Annex 1 in *Destitution in Wollo: Ethiopia* (2003).

<sup>4</sup> However, CRDA commissioned a study that culminated in a comprehensive document “NGO Perspective on PRSP in Ethiopia”.

<sup>5</sup> At the Future Agricultures workshop held in Awassa (01 March 2006), participants were asked if they knew of PASDEP. Only 6 of the 21 participants raised their hands – all were from Addis Ababa. None of the participants from the region knew what PASDEP was. A similar question was posed during a Safety Net training for Woreda Food Security Officer in Oromiya (08 March 2006). None of the 120 participants knew about PASDEP.

<sup>6</sup> For the first time, a ministry is established for tourism (Ministry in of Culture and Tourism) under the recently constituted government.

<sup>7</sup> Kebele is the smallest administrative unit. It evolves from the Derg era when Kebele officials were elected by the community. Nowadays, Kebele chairpersons are appointed officially making the Kebele a government organ.

<sup>8</sup> A personal communication with an IFPRI/EDRI Researcher indicated that “the three Ethiopias” is not articulated in a single document but John Pender (IFPRI Research Fellow) and others have articulated it in various works relating to natural resources works in Tigray and Amhara. The phrase has also been cited in FAO and World Bank reports.

<sup>9</sup> Since PASDEP is in its draft form, pages references may change in the final version.

<sup>10</sup> The introduction of direct flights between Amsterdam and Addis Ababa by KLM, the Dutch airlines, has facilitated this process.

<sup>11</sup> A simple text search for “diversification” in the PASDEP document (= 58,672 words) produced 21 hits, which were found to be much higher than intensification (4); commercialization (12); migration/resettlement (10) and sedentarisation (0). Although these figures are not the definitive indicators of government priority, they do indicate that the document talks about diversification a great deal.

<sup>12</sup> Reviewing policy documents is by no means easy in Ethiopia because it is often difficult to get hold of the official policy documents. Many are obtained through emails, informal networks and at workshops, which may or may not be the final document. The official line for obtaining policy documents at MoFED is highly bureaucratic involving writing to the State Minister for permission. MoFED also advises document seekers to visit the IMF/World Bank web sties.

<sup>13</sup> This section draws on a policy review made for the destitution study by the same author (2003).

<sup>14</sup> It must be acknowledged that the Government has given settlers the option to keep hold of the plots in their place of origin for three years so that they could come back to it if they are not happy with the new place.

<sup>15</sup> For a detailed discussion of the land questions and the possible responses, see Annex 1 of Destitution in Wollo, Table 3.

<sup>16</sup> Food security is one area in which regions were able to exercise developing strategies that are relevant to their particular situation, within the broader framework of the federal food security strategy. The Amhara Regional State developed an elaborate food security strategy and programme immediately following the launch of the federal food security strategy. The document identified region specific root causes of food insecurity and also the target audience for the programme.

<sup>17</sup> Keynote speech at the launch of Association for Disaster Studies and Management (ADSaM), March 10, 2006. e

<sup>18</sup> A separate short proceedings of the Awassa discussion is available.



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