

Food Aid and Smallholder Agriculture in Ethiopia

Ethiopia has been structurally in food deficit since at least 1980. Today, Ethiopia is the world's most food aid dependent country. The country received 795 thousand metric tonnes of food aid annually between 1990 and 1999, about 10% of total domestic grain production. This Briefing asks what have been the impacts of food aid in Ethiopia and what are the implications for future policy, and particularly the links between food aid and smallholder agriculture?

The problem of food aid

Some argue a dependency syndrome is now rooted in the culture of the rural people. The not long ago proud Ethiopians, who hardly sought credit let alone 'aid' is now accounting for food aid quotas in marriage agreements. Dependency is not only a problem at household level: government dependence on the western world for aid has been increasing. Relief has been firmly institutionalised in the government-donor relationship, and the expectation of relief assistance has become entrenched in the government budgetary planning.

The distribution of food aid can have a major distorting effect of food and factor markets, producing negative incentives.

If poorly targeted for example food aid can depress food prices, resulting in disincentives for production and local sale. In assessing such impacts, a disaggregated analysis of different categories of people (net buyer, net seller, and whole buyer), locations/markets (urban, rural etc.) and seasons (harvesting, lean season) is required. Food aid can have other more indirect effects. By affecting the value and supply of labour, for example, food aid and other transfers can affect the shadow price of inputs and thereby affect agricultural productivity and rural incomes.

Food aid in Ethiopia has often been linked to environmental rehabilitation or the creation of development assets, such as rural feeder roads. Surely this has a positive impact? Advocates of food aid programmes argue that by supplying food the necessity to earn livings from unsustainable exploitation of natural resources is reduced. However, food-for-work investments aimed at stimulating on-farm or off-farm soil conservation activities and afforestation programmes have often failed because of lack of key preconditions required for the success of such long-term investments, including notably lack of tenure insecurity.

Food aid and agriculture: what next?

The experience of food aid in Ethiopia has thus been mixed. Three decades of experience of food aid has created many problems, and solved few. Cases of dependency, distortion of incentives, externalizing responsibility, poor results of investment in environmental and other assets abound. A number of future options or scenarios emerge from this debate.

Food aid is here to stay, we just need to do it better. For the foreseeable future Ethiopia will remain structurally food insecure, and the provision of food aid will remain part of international aid obligations. It is an efficient solution to use cheap food produced elsewhere as part of aid support to Ethiopia, and as a component of international humanitarian commitments. In Ethiopia, food aid plays a major role in feeding the poor, so preventing severe food insecurity and saving lives when emergencies do arise. Its delivery is justified by the view that it is a valuable macro-economic resource filling the gap between demand and local supply and to assist balance of payments and budgetary support. If well-managed and properly utilized, relief resources (both food and cash) can be used to stimulate

local agricultural production and stop environmental degradation, as the country will continue to suffer from some structural food deficit and the problem of land degradation for some time to come. Carefully designed food-for-work activities have great potential to improve opportunities for trade, market integration and drought resilience. Food aid could also avert short-term social crises, provide productive employment and minimize the need for foreign currency to import food. By providing extremely poor people enough to eat, this is unlikely to result in major disincentive effects, although issues of targeting and timing need to be addressed. Improved delivery systems and institutional back-up are clearly required, but if this is accepted as a permanent feature, then it will be possible to invest in these rather than being in the continuous disaster response cycle.

Food aid can be a useful way to boost agricultural productivity and kick-start the rural economy, if seen as part of a long term productive safety net approach. Recognising the deep-seated problems of the agricultural economy in chronically poor areas, there are ways of targeting food aid in ways that it generates productive safety nets. By including a process of graduation from any programme, there are ways of ensuring long-term disincentive/dependency effects do not arise, but external inputs may allow people to invest in productive options at community and household levels

which allow themselves out of a low equilibrium poverty trap. Such efforts would have to go beyond the grand scale and largely failed programmes of food/cash for work in the past which focused on productive investments and environmental rehabilitation to more targeted efforts that follow a holistic approach, in addition to what is proposed by the Productive Safety Net Programme (PSNP). The problem of the PSNP, as its predecessor, the food-for-work program, could be its excessive focus on technical and administrative issues and neglect policy related (e.g. like the issue of land, non-farm employment and migration) and problems related to institutions and governance which affect the effectiveness of technical inputs, financial resources and the sustainability of program outcomes.

Continuous food aid needs to be ceased, and reserved for only extreme humanitarian emergencies. Relief programmes are typically expected to assist communities that suffer from transitory food insecurity problems which affect households occasionally and temporarily. Even in such communities, relief programmes should not have economic disincentive effects such as encouraging an “aid dependency syndrome”, depressing local food prices and discouraging local production and development programmes and institutions, and must be cut off as soon as the immediate crisis is over. No matter how careful the targeting and timing and how much effort is spent on

encouraging ‘productive’ efforts as part of food/cash for work programmes, the disincentives at household and institutional levels will continue to undermine moves to major structural reform in the rural economy. By maintaining people in areas where livelihoods are unviable, such programmes are doing none benefit in the longer term. Processes of land consolidation, commercialisation, boosting of the off-farm economy and out-migration from overpopulated highland areas must be part of the longer term solution. Long term food aid – in whatever form, as direct relief or as part of safety net programmes – is not going to solve the problem. Indeed it will encourage people and government officials to externalize responsibility/accountability and, consequently, delay the seeking of solutions, while more and more people suffer.

Clearly these stylised alternatives are not mutually exclusive. One may be more appropriate in one area than another, and combinations of elements of each may be the more optimal solution. But the time has come to have a serious debate about food aid and its relationship with smallholder agriculture, and stop pretending that strategies and policies aimed at improving growth and production in the smallholder sector can always and easily go hand in hand with long-term and continuing food aid dependence.

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