

## Pathways for Ethiopian Agriculture: Options and Scenarios

**T**he paradox facing agricultural policy in Ethiopia was neatly encapsulated in a statement by Prime Minister Meles Zenawi, in 2000: “The agricultural 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.” The reality is that most Ethiopians continue to struggle to make their living from smallholder farming, despite low returns, high risks, and the evident inability of agriculture to provide even a reliable subsistence income, let alone a ‘take-off’ to poverty reduction and sustainable economic growth. Policy-makers and analysts, both national and expatriate, have vacillated between arguing for increased investment in smallholder farming, commercialising agriculture, or abandoning unviable smallholder agriculture by promoting diversification or urbanisation instead. It is often remarked that, if Ethiopia can solve the profound challenges facing its agriculture sector, the lessons will be applicable in many other parts of Africa.

What pathways might Ethiopian agriculture take? What implications will this have for policies aimed at economic growth, poverty reduction, safety nets and so on? Four possible – and overlapping – pathways are outlined here.

### **Intensification of smallholder agriculture.**

Following the conventional ‘input-output’ model of agriculture, this school of thought argues for enhancing smallholders’ access to inputs such as improved seeds, fertilisers and draught power. This thinking underpins the Government of Ethiopia’s extension programme, and projects such as Sasakawa Global 2000, which channels fertiliser 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) when a bad harvest undermines farmers’ ability to repay their loans. In any event, it is not low soil productivity per se that is the problem, but binding asset constraints and variability of yields. Cereals production in highland areas averages around 2 tons per hectare if the rains are favourable, but since chronically food insecure households cultivate less than half a hectare, they cannot produce enough food for self-sufficiency even in a good year. Given the certainty of erratic weather and failed harvests every few years, these smallholders are trapped in a low productivity trap, with plots that are too small to generate livelihoods from agriculture alone, and recurrent pressures to convert their dwindling assets into food. They are focused on surviving and

managing shocks from one season to the next, and have no prospect of escaping poverty through agricultural intensification.

### **Livelihood diversification.**

A key insight of the diversification literature is that factor productivity within agriculture (in terms of output per hectare) 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 Industrialisation’ (ADLI) recognises the reciprocal linkages between agriculture and other sectors, but has had little impact to date. Recently, the government has promoted ‘livelihoods packages’ that aim to support secondary sources of income such as beekeeping by smallholders, as a way of supplementing and diversifying household incomes against drought and other production shocks. Another approach to supporting livelihood diversification is to promote the growth of small towns in rural areas. Survey evidence from Wollo and Tigray confirms the benefits to farmers of being located within walking distance of urban

centres. Towns provide access to employment, basic services, and markets for commodities, agricultural inputs and outputs. In Wollo, the decentralisation programme and the proclamation of towns as district or zonal capitals created local centres of economic growth that had beneficial ripple effects throughout the surrounding villages. In Tigray, significant differences in household incomes and agricultural production were recorded between villages located near and far from towns and markets, partly because farmers nearer towns enjoyed preferential access to input credit, fertiliser traders and extension services.

### Commercialisation of agriculture.

Directly contradicting the prevailing preference for egalitarianism among Ethiopian policy-makers is the view that some degree of inequality may be necessary for achieving economic growth and poverty reduction. This argument acknowledges that policies of 'equalisation' of assets have succeeded in reducing inequity in rural Ethiopia, but at the cost of eliminating entrepreneurial spirit and opportunities. 'Getting agriculture moving' requires incentivising individuals who invest in farming and develop businesses, not constraining their efforts – which might imply tolerating rising levels of inequality. Generating income will create employment and income multipliers, with potential benefits at the household and community levels. Evidence from Wollo suggests that a collapse in better-off groups within communities since the early 1990s has contributed to rising vulnerability and agricultural under-performance, since wealthier 'patrons' are vital providers of

access to resources (such as plough oxen) and assistance in difficult years to poorer neighbours. One obvious implication of this thinking 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. Critics assert that this is arguing for a return to feudalism,



*What are the assumptions underlying current agricultural policy debates and what implications do these have for the way policies are framed and debated? Image source: IFAD*

or at least could lead to a re-stratification of rural communities into landowners and landless labourers or sharecroppers. Others argue that this approach contradicts evidence for an 'inverse relationship' between farm size and productivity: if this relationship holds, commercialisation will not raise productivity, and might reduce it. Two final critiques are that this model removes the safety net that

access to land currently provides for rural households, and that it effectively advocates a 'trickle-down' approach, which is unlikely to generate pro-poor growth and sustainable poverty reduction. Clearly, this is an important 'pathway' to explore in more depth, but the polarisation of views suggests that further thinking – and a more rigorous evidence basis – are required.

### 'Depopulation'.

Another radical response to the crisis of smallholder agriculture might be called 'depopulation'.

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 initiative, the government plans to resettle 2.2 million people in three years,

alleviating pressure in the land-stressed highlands and providing "access to improved land" to families who agree to move. Concerns have been raised that resettlement is a misguided strategy as it usually keeps under wraps real problems. It has also invariably been implemented badly in Ethiopia – indeed, early reports suggested serious



implementation failures with the current VRP – and is therefore unlikely to achieve its objective of improving food security among resettled families. In livestock-dominant areas, the government has similarly responded to recent signs of stress in the pastoral economy – droughts in three of the last five years, disrupted access to export markets for livestock – by arguing for “phased voluntary sedentarisation” of pastoralists along rivers or in small towns. Although pastoralists generally seem less than enthusiastic about choosing a sedentary future (though there is a range of views), they have not been consulted on this policy, which the federal government seems likely to start implementing in the next few years. Critics argue that the ‘settlement’ of pastoralists and ‘resettlement’ of farmers both respond to a Malthusian assumption of binding natural resource constraints, by introducing measures that are inappropriate and come close to social engineering.

Again, there is a fierce debate on these options, with strong opinions on either side.

## **Debating options and scenarios**

Different stakeholders and observers hold different opinions and the causes and appropriate solutions to the ‘chronic crisis’ of Ethiopian agriculture. There is an urgent need to disentangle the various threads of these arguments, and to understand the basis on which judgements and assessments are made that lead to the recommendation and adoption of various policy options. Ethiopian agricultural policy is highly determined by a series of ‘received wisdoms’: that soil fertility is declining; that smallholder farms are too small to be viable; that irrigation is unaffordable; and so on. But what are the implicit and explicit assumptions underlying current policy debates and what implications do these have for

the way policies are framed and debated? And how do these look different in different places for different people.

A major challenge in Ethiopia – in the context of the new PRSP and other umbrella policy approaches formulated at the national level – is to explore the diverse options and scenarios for the future of agriculture-based livelihoods in different parts of the country. A major element of the work of the Future Agricultures Consortium in Ethiopia is to convene regional level dialogues, creating fora for the debating of policy issues at the more local level and feeding these into wider discussions at national level.

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