

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

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 discussions about the second PRSP (Poverty Reduction Strategy Paper) – the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP). This briefing explores the policy processes surrounding PASDEP, and the implications this has for agricultural policy and rural development more broadly

The new poverty reduction strategy: policy processes

At the national level, the policy process was coordinated by the Ministry of Finance and Economic Development (MoFED). Steering and Technical Committees were established with membership from across government, although chaired by the Head of Economic Planning at MoFED. In principle, civil society networks, NGOs, Bureaux of Agriculture and other relevant bodies were supposed to consult at the local-level, allowing insights to feed into the process. However, consultations were limited.. As a result the process – perhaps even more than its predecessor – is seen very much as a national level affair, 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 and key donors, most notably the World Bank.

Not surprisingly, the draft version of PASDEP released in December 2005 reflected many of the ideas of this network. In particular, it emphasises continuity in the broad, strategic direction pursued under the earlier PRSP (the Sustainable, Development and Poverty Reduction Programme, SDPRP), namely those related to human development, rural development, food security, and capacity building. The new document does, however, hail some strikingly new policy directions. A major emphasis is placed on economic growth to be achieved mainly through greater commercialisation of agriculture. This is seen as a key route to achieving the Millennium Development Goals by 2015.

The role of agriculture?

Agriculture is thus at the centre of the proposed growth strategy, with the private sector expected to play a leading role. A 'massive push to accelerate growth' is proposed to be driven by large-scale agricultural commercialisation, with a strong export focus (diversifying beyond coffee) and by the exploration of high-value niche markets in high potential areas: floriculture is currently of great appeal; but also other areas of interest include tourism, spice production, horticulture, and mining.

According to PASDEP, 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 infrastructure 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, PASDEP renews the 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, 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 local 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.

A differentiated approach

In contrast to past approaches which have often suggested a one-size-fits-all solution, PASDEP recognises the need for an agro-ecologically differentiated approach, including the recognition of the particular challenges of pastoral areas. Discussions convened by the Future Agricultures Consortium in Ethiopia held in Awassa highlighted how such a differentiated approach is critical to thinking about the future of agriculture. Three different areas, with different policy options/trade-offs were identified (Box 1).

From policy to implementation

Developing policies on paper is one thing – and there are certainly plenty of these in Ethiopia – 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. This led to the launch of a massive decentralisation, capacity building and civil service reform programme as the main thrust of the SDPRP.

Does PASDEP suggest a new departure from this decentralised, local-level approach with its focus on smallholders and poverty reduction? How new is the focus of PASDEP in reality? Most of the new policy ideas and directions in the PASDEP have been debated for quite some time, but to date have largely been ignored by the Government. Commentators are asking why is the 'growth thrust' and commercialisation of agriculture being seen as the key to problems of Ethiopia now? Some believe that the earlier policy cornerstone – 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.

Box 1. Options for Agriculture: the case of the SNNPS region

High population density areas, largely highland. 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. 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. This must involve a 'pull' to new opportunities, rather than a 'push' as part of conventional resettlement programmes.

Humid forest areas. The main current constraints centre on infrastructure linkages (roads and other communications) and market access. The promotion of niche commercial investments in particular commodities and their processing, extending beyond coffee to bamboo, spices and honey production on a commercial scale is one possible future scenario. Attracting external investment, linking new enterprises with new markets and improving the infrastructural base, as well as overseeing environmental impact assessment, was seen as an important role for government and donor efforts.

Lowland pastoral areas. Due to the recurrent cycles of droughts many pastoralists are no longer able to sustain a 'traditional' pastoral way of life. 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 needed. For pastoral 'drop outs' alternative income earning opportunities are very few. Settlement for agriculture is one option, but removal of riverine areas for agriculture in pastoral areas could also have a negative impact. Other options for economic diversification in these areas are needed, including fisheries and tourism development. However the potential to provide reasonable livelihoods for all in the lowland areas may not be possible, however, and movement out of the area to well designed 'growth poles' for alternative livelihoods will be key.

How PASDEP unfolds in practice will of course 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. 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.

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