



Commercialisation in Ethiopia: Which pathways?

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- 1. Objectives of the study**
- 2. What is commercialisation?**
- 3. Context: Historical background and current policies**
- 4. Empirical work so far**
- 5. Next steps**



1. Objectives of the study

- To explore meanings and pathways of commercialisation in Ethiopia
- To investigate opportunities and constraints for smallholder farmers to engage on better terms with markets
- To stimulate policy debate about the ways forward for agriculture:
 - Does a focus on commercialisation necessarily abandon the smallholder farmer?



2a. What is commercialisation?

- **Misperceptions & fears:**
 - Focus on non-food crops
 - Food insecurity: cash vs food crops, price effects, market exposure
 - Export-oriented
 - Large scale, expropriation of land, displacement of smallholders
 - Capitalist (foreign? extractive?)
 - Mechanised, ‘modern’, un-sustainable, relying on imported technologies



2b. Who are commercial farmers?

- **Categories in Ethiopia:**
 - Large-scale capital-intensive enterprises / investors (private and state)
 - Small investor-farmers – re-emerging category in Ethiopia?
 - Family farms
 - Traditionally market-oriented producers (commodity, location)
 - Farmers in marginal or low potential areas, “subsistence-oriented”, but interacting with markets as buyers and sellers. On what terms?



3a. Context: Historical background

	Strategic concerns	Policy foci
1950s	Improving productivity Reduce economic dependency on agriculture	Infrastructure & human resources Accelerating ag development by promoting commercial enterprises
1960s	Transform predominantly agricultural to agro-industrial economy Increase foreign earnings	Large-scale commercial farms Investments in agro-industries Agricultural mechanisation Increasing export-orientation
1970s	Concerns about inefficiency of many large, mechanised farms, renewed focus on smallholder potential	Proposals for land reform for increased agricultural productivity



	Strategic concerns	Policy foci
1980s (Derg)	<p>Socialist agricultural development</p> <p>Central planning</p> <p>Collectivisation</p>	<p>State farms</p> <p>Suppression of land, labour & commodity markets</p> <p>Land distribution & fragmentation</p> <p>Control of input & output markets</p>
1990s (Transitional Period)	<p>ADLI</p>	<p>Liberalisation of output markets</p> <p>Gradual liberalisation of input, labour, land rental markets</p> <p>Privatisation / distribution of state farms</p> <p>Land policy debate</p>

3b. Context: Current Policies

PASDEP:

- Accelerated growth via agricultural development
- *“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.”* (p. 47)
- *“[...] improvement of pro-poor subsistence farming still needs to take place in parallel with this shift to commercialization of agriculture.”* (p. 47)



4. Empirical work so far

- **Focus on market-oriented family farms**
- **Household survey & exploratory qualitative study**
- **Two commodities (coffee, teff)**
- **Selected Weredas in Oromia, Amhara, SNNPR**



Coffee	Teff
Non-food	Food (high value)
Primarily export market	Primarily domestic market
High policy attention & intervention (R&D, market support & control, etc.)	Limited policy attention & intervention (R&D, market support & control, etc.)
Large and small scale production	Small-scale production
Productivity strategy: Niche markets, speciality & organic, low chemical inputs	Productivity strategy: purchased fertiliser (and seeds)
Labour intensive with seasonal labour bottlenecks	
New institutions: Cooperatives & Unions	



- Themes addressed in qualitative study:
 - Opinions & perceptions on commercialisation
 - Household strategies
 - Trajectories / pathways
 - Constraints
 - Enabling factors
 - Changes over time
 - Employment / labour effects



- **Coffee (Goma Wereda) – Highlights**
 - Coffee producers would like to expand their coffee plantations – but **not** at the cost of food crops
 - The more diversified a farm (coffee, food crops, fruit, vegetables, chat), the more successful is the farmer
 - Only relying on coffee income is considered risky and farmers try to avoid it
 - Land availability constraints livelihood options





- **Coffee (Goma Wereda) – Highlights**

- Farmers react strongly to price incentives – low coffee prices → reduced investments in coffee
- Scarcity of non-household labour → limiting factor.
- Coffee income strongly determined by the coffee quality → specific support!
- Cooperatives → provide market access, information, certification, social infrastructure





Teff (Ada'a Wereda) - Highlights

- Area famous for food-grain production, especially teff. Fungible crops for sale or consumption.
- Farmers grow white / red / mixed teff – generally sell the white, and eat red or mixed.
- More successful farmers grow more diverse crop mix.

Changes in recent years

- Higher production (better extension, more fertiliser)
- More traders, greater volume of trade
- Δ sales < Δ production – farmers eat more teff
- Co-operatives – role in purchasing / price support (small player in the local teff market)



Teff (Ada'a Wereda) - Highlights

Employment

- Mostly family labour, but seasonal bottlenecks especially for teff harvest.
- Seasonal migrant workers from other farming areas (e.g. Gojjam, Selale, Wollo) play a crucial role.
- Local workers feel undercut by migrants – but they have other non-farm employment opportunities.
- Variety of contract and payment forms; migrant groups form multi-year relationship with employers, and receive board and lodging.





5. Conclusions & policy implications

- “Does a focus on commercialisation necessarily abandon the smallholder farmer?”
 - No – not in the policy, and not on the ground
- Take into account all different types of farms
- Location!



6. Next steps – Research Agenda

- Integrating quantitative & qualitative findings → further analysis of survey data

Further investigation of:

- Re-emerging small investor-farmers
- Employment effects of smallholder commercialisation, including agricultural labour migration