

# **Stocktaking Assessment on Progresses and Challenges Towards CAADP Implementation in Ethiopia**

**Contribution for CAADP 10 YEARS Progress Review Dialogue to Improve  
Implementation, Coordination, and Alignment with (NAIP)  
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By  
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**Note:**

This CAADP progress stocktaking assessment note compiled: (1) after having exhaustive meeting Friday Jan 31<sup>st</sup>, 2014 at Ministry of Agriculture with country CAADP team members including Mr. Zena Biru (CAADP focal person) from Ministry of Agriculture, Mr. Gary Wallance from World Bank, Mr. Dejene Abesha REDFS Secretariat Office (Government and donor coordination office for CAADP implementation), and myself. (2) Input also obtained through discussion with key other actors who were engaged PIF/CAADP formulation and review process in Ethiopia. (3) All relevant official Government and donor reports on the progress were reviewed. The team was discussed one-by-one each of progress indicator areas and provided detailed comments on the basis of that this note enriched and finalized.

## 1. Background

Agriculture is way of life for millions of Ethiopian who make their living from it. Understanding this fact, the Ethiopian Government (GoE) has formulated a consistent set of policies and strategies for agriculture and rural development, prioritizing the promotion of food security and poverty eradication at the center of all national development policy initiatives. The importance of agriculture well communicated from top leaders to bottom tiers of administrative and political structure.

Since the mid-1990s, the government formulated and implemented a long-term development initiative called Agricultural Development Led Industrialization (ADLI) which is comprehensive national development put prior importance for agricultural sector growth in the short and medium terms as driver for envisaged long-term industrialization of the economy. To accelerate progress the government made a big push on human capacity building, expanding infrastructure, liberalizing the economy, building institutions, and decentralizing political and financial administration to lower tiers.

As part of the realization of ADLI, the Government formulated various policies where agricultural development and poverty eradication has got major importance. Poverty Reduction Strategy Program (PRSP) was prepared and implemented in 2001. Sustainable Development and Poverty Reduction (SDPRP) and the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) were formulated and implemented during 2002-2004 and 2005-2010 periods respectively.

PASDEP was synchronized and aligned with the Millennium Development Goals (MDGs) and with regional initiative called Comprehensive African Agriculture Development Program (CAADP) framework. The CAADP program was initiated by African Union (AU) in 2002 to help African countries increase agricultural productivity by at least six percent per annum growth and achieve the United Nation's Millennium Development Goal number one, which is to cut hunger in half by 2015. To ensure 6% average agricultural growth, country signed CAADP compact required to allocate 10% of its national budget to food security.

However, Ethiopia surpassed the targets set by CAADP in 2008 even before implementation of CAADP PIF in 2010. The average annual growth of agriculture was registered 10% and agricultural budget as share of total government expenditure was reached ~15%.

At the end of PASDEP period the GoE formulated one national, comprehensive, broad, harmonized and aligned development strategy called the Agricultural Sector Policy and

Investment Framework (PIF), enacted in 2010, which is Ethiopia's guiding food security plan, designed to achieve 8% annual growth in agricultural productivity. Ethiopia was formulated Growth and Transformation Plan (GTP), which is Ethiopia's national development plan (multi-sectoral plan) for 2010-2015 that calls for Ethiopia to be a middle income country by 2020 which overtaken all earlier plan including PIF.

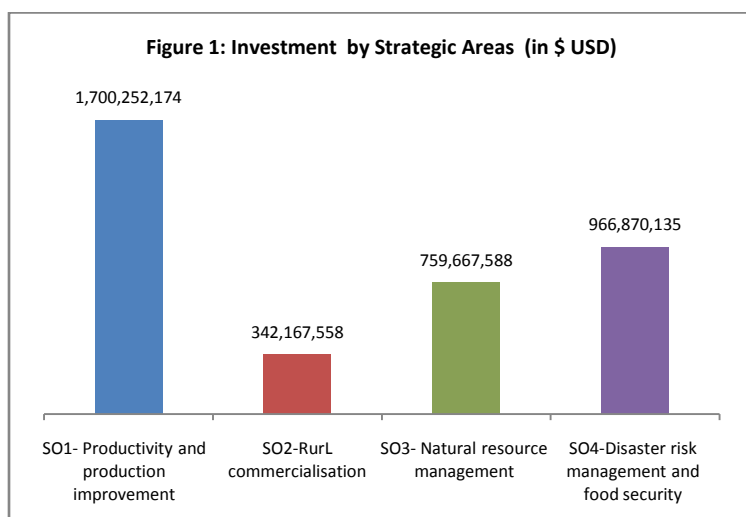
The PIF provides a ten year strategic framework (2010-2012) for priority area for investment and estimates of financing needs and designed implementation road-map. All government food security programs and supports from Development Partners (DP) are aligned with strategic objectives set out by the PIF. In general, there is no superior national policy document leading agricultural sector development and food security in Ethiopia other than PIF. It is a single most impotent policy document.

The PIF is well aligned to the Five Years GTP. The PIF presents a comprehensive framework within its four strategic objectives and are aligned with the CAADP Pillars (See Table below)

	Four Strategic Objectives of PIF	alignment with CAADP Pillars
1	Increasing agricultural productivity and production	Pillar IV
2	Accelerating commercialization of smallholder agriculture and agro-processing industrial development	Pillar II
3	Proper natural resource management and utilization	Pillar I
4	Disaster Risk Management and Food Security - to achieve universal food security and protect vulnerable households	Pillar III

Source: PIF, 2010

As estimate made by Agricultural Technical Committee (AGTC, 2013) indicate, total aggregate investment on flagship programs of PIF/CAADP is about 3.8 billion in between 2010-2013. Investment in the four core areas followed priority set in the PIF. Irrigation expansion has got major focus (45%). This is mainly because national production variability is mainly due to variability of rain fall and reducing dependency on rainfall is the first top priority agenda.



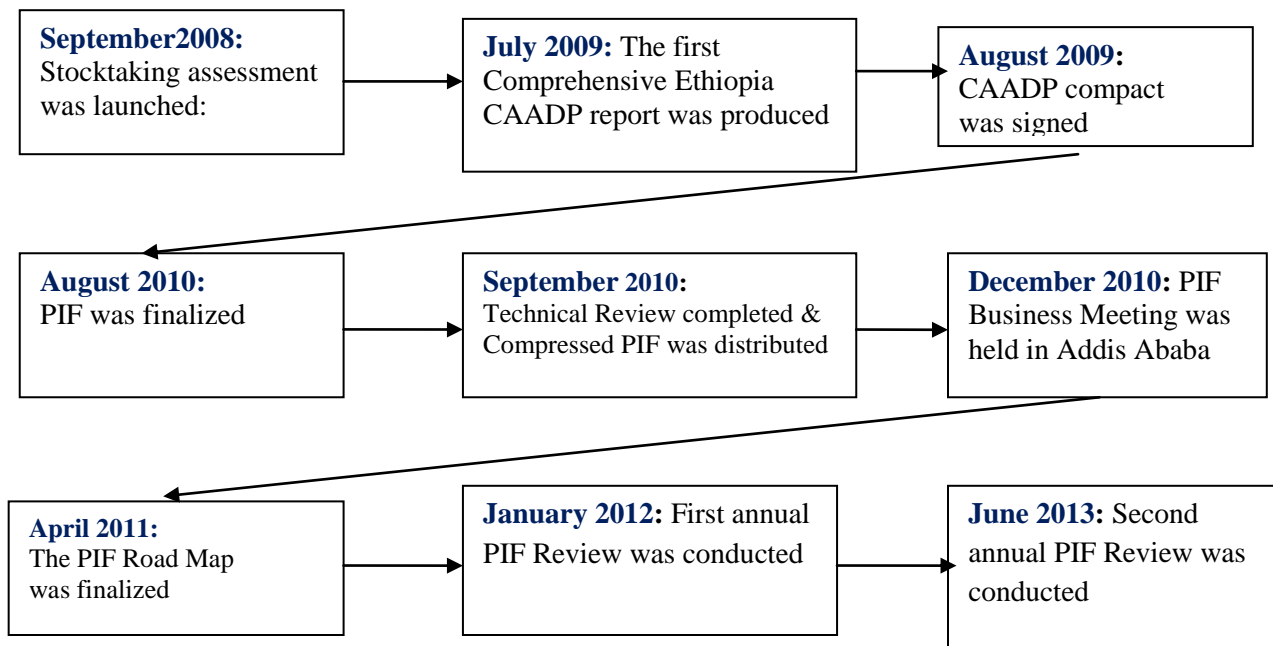
Source: REDFS, AGTC, 2013

## 2. Progresses towards CAADP/NAIP Implementation

### 2.1 Progress<sup>1</sup> in chorological order

Ethiopia and Rwanda are cited as exemplary cases for successful implementation and indigenizing CAADP framework to their own national agricultural development plans. Ethiopia has made visible progresses since stocktaking exercise in 2008. It signed compact, went through several consultation meeting, including high level Business Meeting in December 2010 to validate, endorse priority agricultural investments identified, confirm readiness, declared funding commitments and agreements on modalities and timelines to meet the funding needs of the NAIP or PIF. After implementation, Ethiopia also has made two annual progress reviews in January 2012 and June 2013 (see the Figure 2).

Figure 2: Progresses towards CAADP implementation



**PIF NAIP Management:-** PIF managed by the Government donor coalition, Rural Economic Development and Food Security (REDFS) Sector Working Group, was established April 2008 to manage its implementation. It is chaired by Minister of Agriculture and co-chaired by the World Bank and USAID. This Government

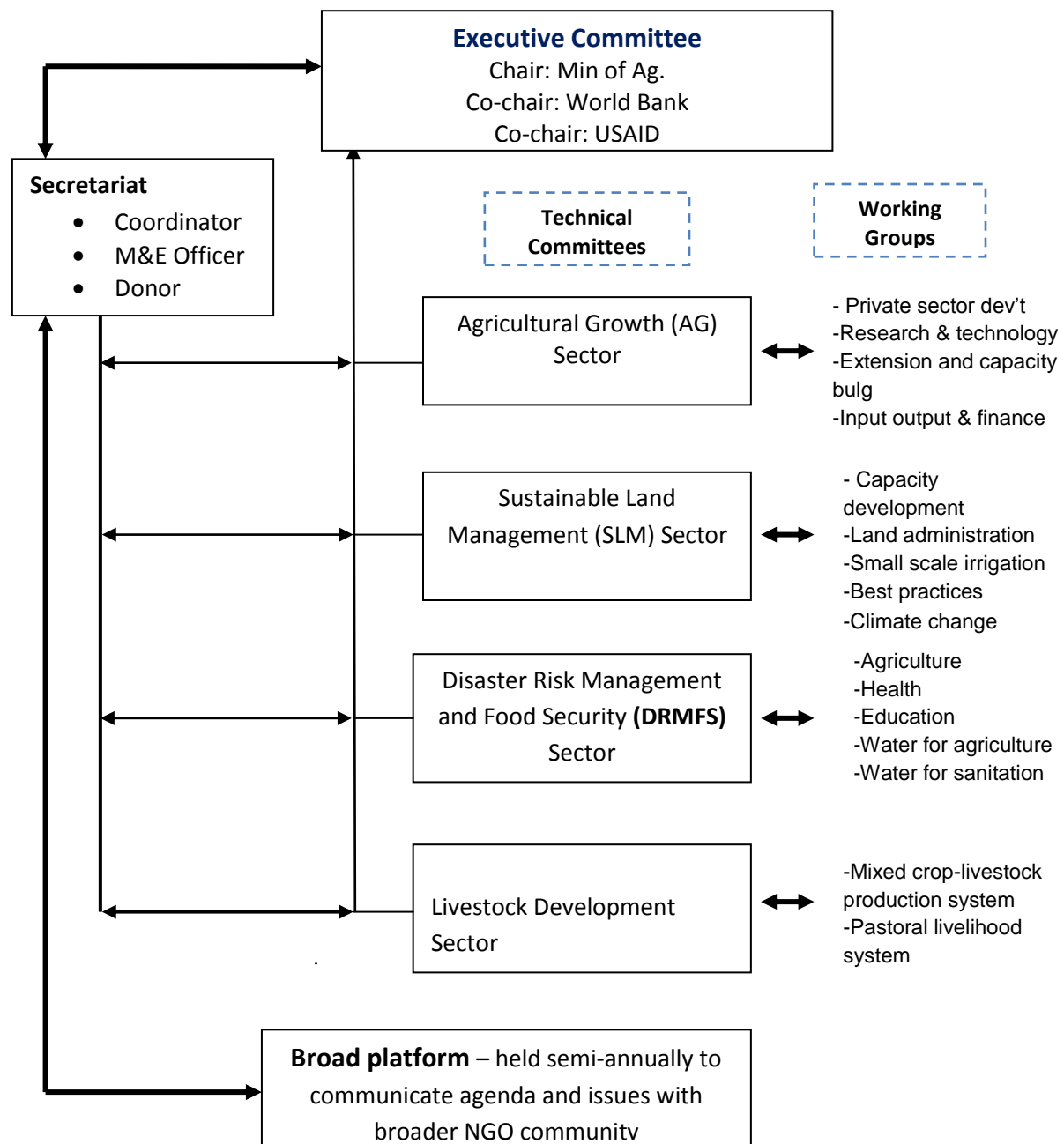
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<sup>1</sup> PIF key performance indicators include: Agriculture sector GDP growth rate, food crop productivity, value of agricultural export, private sector investment on agriculture, area of land under irrigation, area of land protected for rehabilitation, number of households graduating from PSNP, regional level emergency contingency plan, coverage of rural and urban landholding certification, regional climate adoption plan.

development partner joint harmonized management system increased accountability of both parties in the implementation of PIF NAIP (Figure 3).

Figure 3: Ethiopia's PIF NAIP Management Structure (RED&FS Structure)

**CAADP Ethiopia Management Structure in Ethiopia**  
**The DAG Sector Working Group on Rural Economic and Food Security**



Source: Callihan D., 2012 undated by the team to account for current changes

## 2.2 Progresses on core agricultural development areas

Agricultural sector has registered 10 percent annual average growth since 2003/04 even before implementation of CAADP. However, indigenizing of CAADP since 2010 has further spurred its performance injecting more resources through collaboration. The section below depicts progresses made on core agricultural development areas.

### a) Progress in agriculture production and productivity

Agriculture sector is critical to overall economic performance and poverty alleviation, contributing 42.8% (MOFED, 2012) to overall national income. Agricultural production consists largely of cereals, which account for about 60% of agricultural Gross Domestic Product (GDP). Some of performance indicators of the sector in between 1996 and 2013.

Indicators		Source	1996	2013	Total growth compared to 1996 (%)	Average annual growth
1.	Total cereals production (million tons)	CSA	8.6	25	190.7%	10.6%
2	Average cereal productivity (ton/ha)	CSA	1.3	2.5	92.3%	5.1%
3	Land under cereal cultivation (million ha)	CSA	6.7	10.81	49.3%	2.7%
4	Agricultural GDP at constant price (billion Birr) <sup>2</sup>	MoFED	54.1	238.4	340.7%	18.9%
5	Share of AgGDP of total (%)	MoFED	52.1	42.8		

As a result of considerable progress in agricultural sector coupled with substantial progress in macroeconomic performance, the incidence of poverty at national level declined markedly between 2004/05 and 2010/11. The headcount poverty rate fell from 38.7 % in 2004/05 to 29.6 % in 2010/11 (MoFED, 2012).

### (b). Progress on improving the functioning of agriculture markets and trade

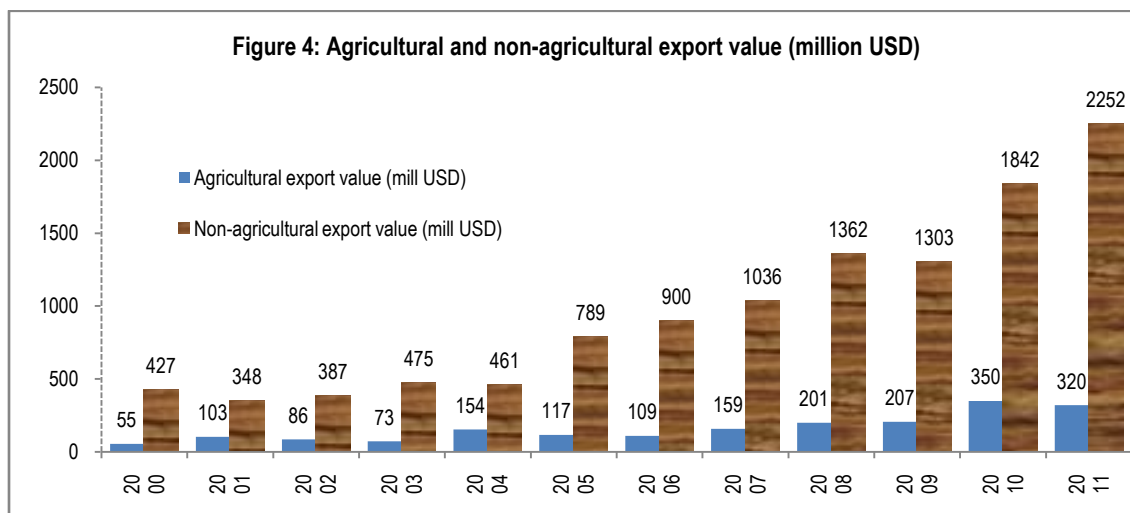
In the last two decades, the EPRDF government has implemented a number of policy interventions to improve market infrastructure, market information and institutions in order to enhance agricultural market performance. The government has upgraded existing market infrastructure, built new marketing enters (e.g., for coffee, livestock), improved market access through building road networks, it also established new institutions like ECX, Trade Competition and Consumer Protection Authority under Ministry of Trade, and strengthened regional Bureaus for Market Promotion. These

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<sup>2</sup> . 2003 considered as base year

policy actions in Ethiopia resulted in sizeable improvement in the share of producers from final prices (Minten, 2012).

Ethiopia also registered substantial progress in agricultural commodity export. Agricultural export on average contributed 88% of total export income in between 2000 and 2011. Export earnings from agricultural commodity increased by about four folds in the same period. It grew much faster since 2010 with implementation of comprehensive policy packages including PIF CAADP.



Source: Ethiopian Revenue and Customs Authority, 2012

Despite considerable progresses registered in the last two decade, still functioning of agricultural markets is less competitive at primary, secondary and tertiary market levels. Some of factors account for less effective performance includes lack of strong institutional arrangement to regulate behavior of market actors, dominance of middlemen in every agricultural commodity transaction, and high transportation and transaction costs.

### (c). Progress in increasing private sector participation

The Ethiopian Government places prime importance for private sector development in all its development policies and strategies. It is believed that the future success in agricultural transformation in the country cannot be realized without active engagement of private sector in agricultural production, processing, distribution, marketing, research and development activities. Despite this fact, as current statistics from CSA (2012) indicates, large scale commercial farms in Ethiopia account for 2.5% of total agricultural production and smallholder farmers are contributing the rest or feeding almost 86.5 million of the national population (CSA, 2012). Increasing commercial food production by large commercial farmers remains main policy challenge of the future.

The government designed various policy packages to motivate private sector investment in agriculture such as

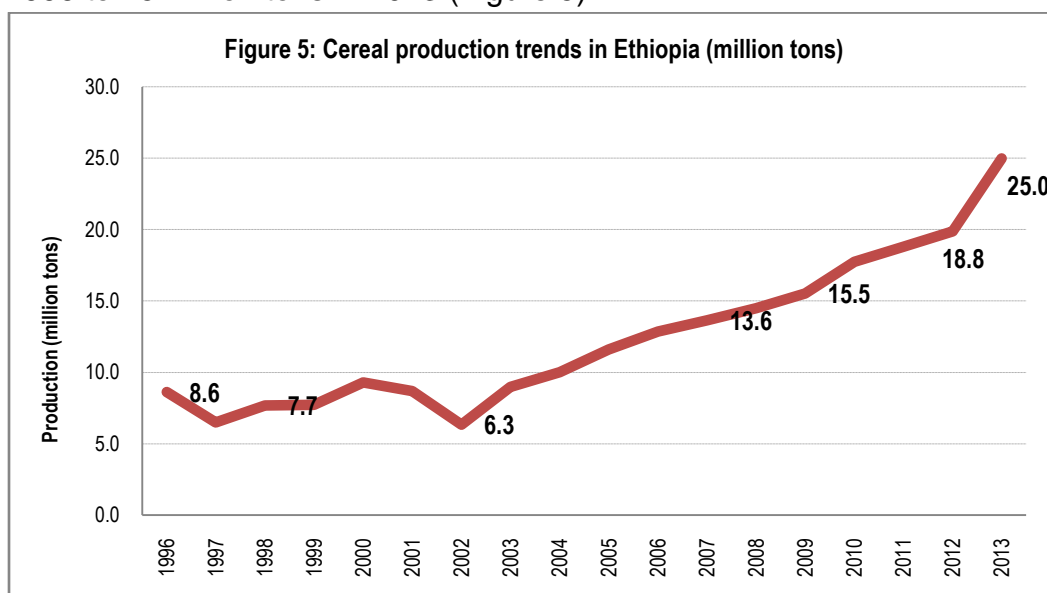
- Duty free imports of agricultural equipments, tax holiday, ensured access to credit, all agricultural exports are exempted from any kind of taxes, etc.
- The government put in place institutions provide services for private investors namely Ethiopian Investment Agency, Agricultural Investment and Land Administration Agency under MOA

However, there are complaints from private sector in relation to bureaucratic barriers/ineffective services - E.g., customs clearance process for duty free imports, access to credit for agricultural investment, access to electricity, water, and land also time consuming.

#### **(d). Progress on increasing the availability and access to food and PSNP**

Poverty eradication and ensuring food security at household level are among principal development objectives of the GoE. In light of this, the Government was designed its first National Food Security Strategy in 1994 and identified packages of intervention. The core interventions to ensure access:

- Increasing agricultural production and productivity of smallholder farmers and supporting vulnerable households through PSNP were main intervention areas. The Government managed to increase cereal production from 8.6 million tons in 1996 to 25 million tons in 2013 (Figure 5).



Source: Central Statistical Agency



- The government placed market institutions at regional and federal level to support flow of price information, expanded road network to connect deficit and surplus market areas;
- Created employment for millions of youths ensure access to food
- The Government launched the PSNP in 2005 with the objectives to reduce household vulnerability, improve resilience to shock and promote sustainable community development in food insecure areas of rural Ethiopia. The program support able bodied population through Productive work (PW) and Direct Support (DS) for elderly and disabled. The total beneficiaries of this program in 2012 were 6.8 million and it dropped to 5.9 million in 2013. Since its commencement about 2 million beneficiaries were graduated (MOA, 2013 report).
- In response to food price hike since 2008, the government designed various policy intervention to protect urban and rural poor including distribution of subsidized wheat and edible oil, fixed sugar price, banned export of staple cereals which had great effect in stabilizing prices. Though there are considerable progresses in terms of ensuring food security, yet it remains core concern for policy makers and for public at large.

#### **(e). Progress on improving natural resource management**

The GoE, provided strong emphasis for natural resource and environmental management knowing that sustainable agricultural production and productivity improvement could not occur without proper environmental conservation. Some of testimonial policy actions taken by the government

- Natural resource management is one of four pillars of PIF/NAIP/CAADP main/flagship programs (3rd pillar of PIF);
- The Ethiopian Government pioneer in formulating and implementing Climate Resilient Green Economy (CRGE);
- The Government promoted Environmental Authority to Ministry of Environment and Forestry very recently;
- Environment issue is mainstreamed in all of development Government ministries, its issue is priority agenda from top leaders to grass root level communities.

Example: The initiative of water shade management has got due attention in Ethiopia. Some of denuded highlands are recovering to their original status. According to MOA

(20123)<sup>3</sup>, area of land protected for rehabilitation increased from 3.2 million hectares in 2009 to 10 million in 2012. Similar source indicated, the area of land covered with multi-purpose trees increased from 6.1 million hectare to 14.6 million in 2012.

However, there is need for proper mechanisms and incentives for the private sector to participate in natural resource management and conservation in the future to make more sustainable. The sector should not be left only for the government.

#### **(f). Progress in mainstreaming women smallholder farmers development**

Promotion of smallholder production and improving their livelihood lies at the center of national development objectives. The Government believes that **scaling up of best practices** to bring up the productivity of most average farmers closer to those of best farmers is the first strategic direction to be pursued during the GTP period. Some of policy interventions made to promote stallholder production, productivity and livelihood

- ensuring access to modern input, promotion of extension program by assigning about 63 thousand extension worker; access to clean water, health services,
- expansion road network, market centers, credit services
- **National Award for Progressive farmers** - to encourage best farmers who achieved good records in terms of agricultural productivity, modern input application, use of better agricultural practices. The award was granted at national level by late Prime Minister
- Promotion of producers cooperatives to strengthen bargaining power of producers
- Expansion of irrigation and promotion of high value crop production, are some of policy interventions used to enhance smallholder production/productivity and income.

**Mainstreaming women** in all development initiatives was exercised widely at national level. Some of commitment indicators of the government for strengthening participation of women at different levels could be manifested:

- establishment of Ministry of Women's Youth Affairs,
- women in Ethiopia account for more than 30% of seats in the Parliament
- different funds and association of women were promoted to enhance their participation
- Amendment of Family Law, ensured equal right for women to hold land certificate

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<sup>3</sup>. MOA (August 2013). Annual Performance Report from Planning and Program Directorate.

### (g). Progress in implementation of agreed investment plans and commit funding

Realization of agreed investment plans of flagship programs primarily requires timely disbursement of funds committed both by government and development partners. However, securing funding remains formidable challenge. The total budget over the ten-year PIF programme period (2010-2020) estimated to be USD 15.0 billion. Of this, about **USD 3.8 billion is already committed to finance existing programmers and projects** both by the Government and donors. This is about 26.7% of total planned budget. It is also stated that USD 11.6 billion will be required during the second half of the PIF period 2015/16 - 2020. However, securing this amount fund remains as core challenge for implementation of PIF NAIP/CAADP initiatives.

### (h). Guiding principles of the CAADP program and progress

CAADP in addition to allocating 10 percent of its national budget to ensure 6% agricultural sector growth, it require also planning and implementation process to be inclusive, participatory involve a wide range of stakeholders, including the private sector and civil society organizations.

- The GoE mobilized all core actors to be participated from stocktaking analysis in 2008 to the second annual review in June 2013.
- Established shared accountability management system where government and donor work together towards implementation of agreed strategic objectives.
- Committed its resources & assigned its officials to engage in the routine implementation process;
- Organized broad flat form semi-annually to communicate agenda and issues of CAADP to communicate NGO's and CSOs.

In spite of the efficiency experienced in rolling out the CAADP process in a short period of time, there is some level of dissatisfaction by NSA and CSO in relation to inclusiveness and broad participation.

1. At the moment, the private sector does not play a significant role in the REDFS policy development process though a Private Sector Working Group has been established under the REDFS' Agricultural Growth Technical Committee;
2. Inadequate representation of Non-State Actors and Civil Society Organizations are some of issues need reconsideration - were raised as concern.

### 3. Challenges facing towards implementation of CAADP NAIP

After exhaustive discussions, the country team identified key constraints limiting implementation of the CAADP NAIP/PIF. Despite strong growth, substantial challenges remain.

- I. though there has been substantial progress in productivity, compared to potential achievable level it is still very low at national level;
- II. high dependency on rain-fed farming and inadequate access to irrigation technologies leaves the sector vulnerable to weather related shocks;
- III. securing sufficient fund for all flagship programs remain formidable challenge in light of slow rate of disbursement under some of existing flagship program.
- IV. due to a weak M&E system, it is found difficult to estimate amount of funding committed by Government, Development Partners, Regional government and NGO's for the program ---- no consolidated current rate of investment on PIF priority areas
- V. capacity limitation at all levels of Government and REDFS secretariat office limited speed of PIF/CAADP implementation;
- VI. In light of inclusiveness principle of CAADP, there is concern that private sector and CSOs were represented inadequately.
- VII. functioning of agricultural markets still remained less competitive at different levels;
- VIII. private sector investment on agriculture mainly on food production found to be lower than potential

### 4. Lesson from Ethiopia

#### Source of successful progress in terms of implementation of PIF/CAADP

- i. **Clearly defined and consistence** set of policies, laws, and regulations towards ensuring food security and eradication of poverty, articulated in ADLI, PIF/CAADP, and GTP,
- ii. **High commitment** from the government mainly from the top - exemplary devotion of all political leaders for transforming agriculture, and sensitization of its importance at every levels;

- iii. **Expansion of physical and human infrastructure** - connecting major producing and consuming centers, increased share of producers by increasing competition and reducing marketing margins.
- iv. **Institutional capacity building:** - extensive training of both public and private sector actors; providing important agricultural services like extension assigning about 63 thousand Development Agents (DAs) which are graduated from TVET to promote improved agricultural practices, establishment of FTC, ensuring access to agricultural credit, building institutions like Ethiopian Commodity Exchange and Agricultural Transformation Agency (ATA)
- v. **Clearly articulated legislative** system and well designed parliamentary system to Monitor and regulate executives. The Ethiopian parliament with 16 standing oversight sectoral performance and provide feedbacks on areas to be improved.

## 5. Concluding remarks

The PIF proved to be effective in defining Ethiopia's sectoral investment priorities, mobilizing resources, and harmonizing efforts among the principal actors. The program's successes cannot be explained without a **high level of political and financial commitment endowed from very beginning**. There has been consistent high-level political support in Ethiopia for the CAADP process, including for the program's initiation, design and implementation. CAADP support in Ethiopia begins with the Prime Minister and includes all of the MoA's most senior decision-makers. Ethiopia has made CAADP a national priority and this has been a significant contributing factor to the program's rapid and impressive implementation progress.

The GoE allocates 16-17% of its total budget to agriculture and provides a majority of the financing required to implement the PIF (reportedly somewhere between 60-70% of the total \$18 billion estimated cost). This sends a clear signal as to the government's seriousness and its commitment to the plan, and has allowed implementation to be quickly initiated.

However, maintaining current momentum of progress depends on further commitment of both government and development partners.