

Agriculture Development and Food Security in Sub-Saharan Africa: Building a Case for More Support A Case Study of Ethiopia

I. THE PROBLEM

Weak economic base

- Heavily dependent on agriculture
- But agriculture characterized by
 - Extreme fluctuations
 - Recurrent drought
- Low productivity – yield stagnant at about 1 ton per ha

Widespread poverty

- 44% absolutely poor (2001)
- (45% in rural areas compared to 37% in urban areas)
- About 88% of the poor live in rural areas

Food insecurity increasing since 1960s

- Annual food deficit from 0.75 million ton 1979/80 to 1.4 million tons in 2000
- Required about 700 thousand tons of food aid per annum - last fifteen years

II. THE FOOD SECURITY SITUATION

Food supply improved but insufficient and unstable

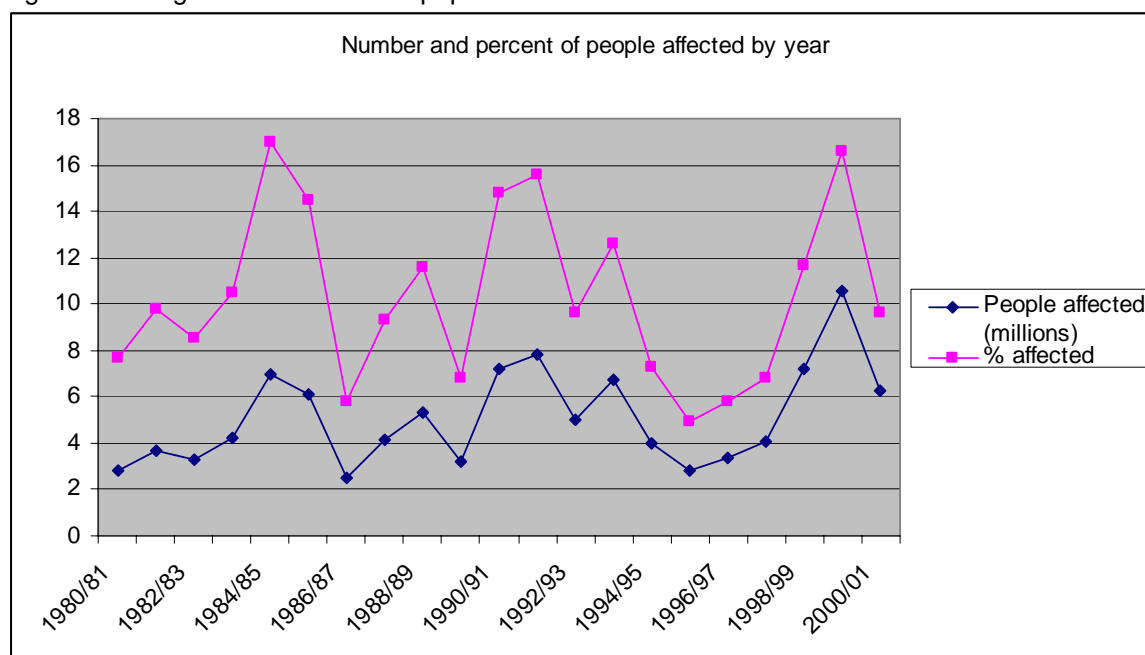
- Production increased due to area expansion (good rains)
- Per capita food availability increased to 149.33 kg per head/year 2001
- But well below min. requ't – 225 kg (2,100 calories)

Widespread malnutrition

- Child stunting very high: 56.8% in 1999/00

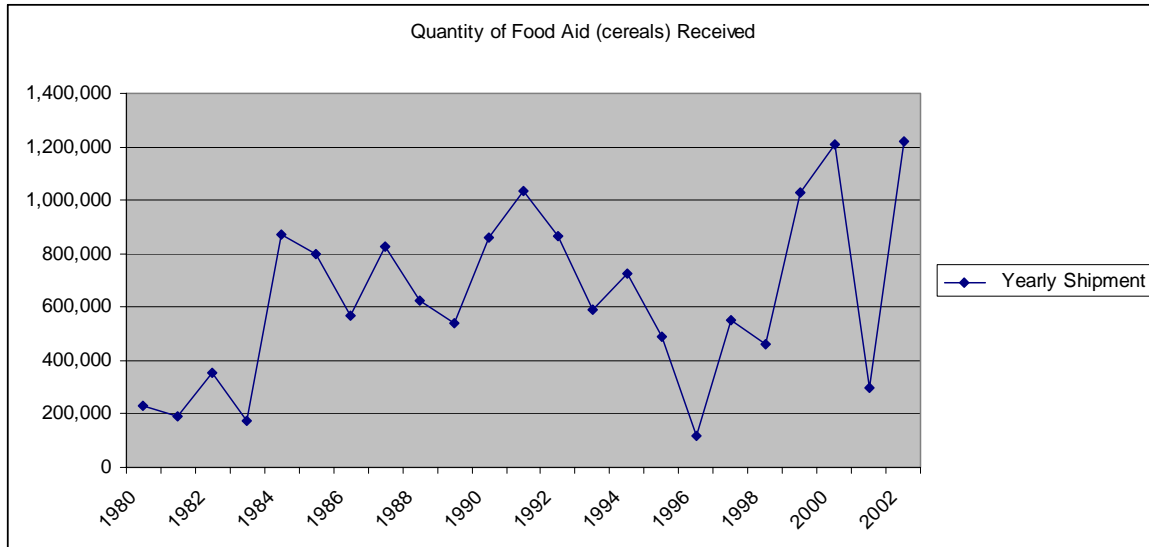
Number of drought affected people increasing

Figure 1: Drought/disaster affected population



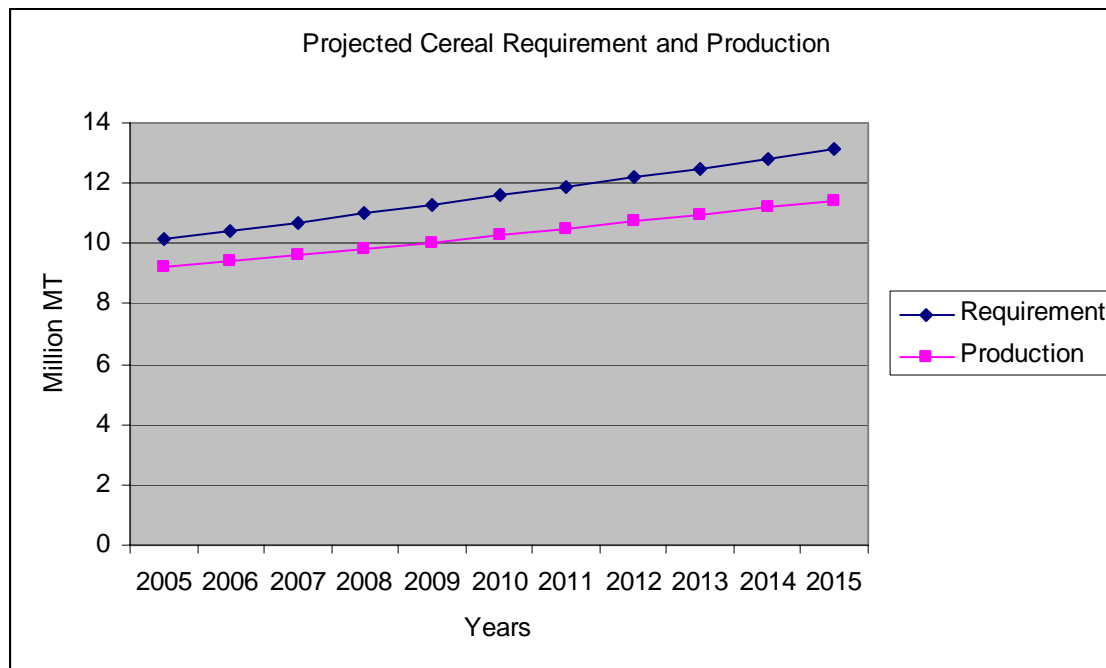
Food aid required for drought victims
 Ethiopia too poor to import food,
 Value of food import in 2000/01 53-56 percent of export earnings
 Hence reliance on food aid
 Largest recipient in SSA
 500 million US worth of food aid from USA in 2002/03

Figure 2: Trends in the quantity of food aid (cereals) received (metric tons)



Food gap expected to widen if same trend continues
 Projected to widen to over 3 million tons in 2015
 Gap wider if calorie intakes were to improve

Figure 3: Trends in projected cereal production and requirements



III. GOVERNMENT RESPONSE AND CHALLENGES

Agricultural strategies and policies

Integrated Rural Development

Minimum Package Programs

Agricultural Development Led Industrialization (ADLI)

Sustainable Development and Poverty Reduction Program (SDPRP)

Food Security Strategy, etc

Participatory Demonstration and Extension Training System (PADETS)

Over 4 million covered by 2001

Increased focus on water harvesting lately

But key challenges remain

Lack human, institutional, natural, physical, technological, financial and social capital

Drought a major problem since the 1950s

Exacerbated by deforestation and climatic change

Severe degradation – **loss of natural capital**

Inadequate property right a major factor

Limited conservation practices

Lack of long-term investment on land

Rapid population growth and declining farm size

39% of farming households now cultivate < 0.5 hectares

Significant loss of basic asset over the years

- **most farmers below renewal threshold**

Limited non-farm employment opportunity

Inadequate physical infrastructure – **lack of physical capital**

Road network least developed

Inadequate funding for research and extension

- **Inadequate technological capital**

Weak capacity to formulate and implement agricultural policies

Top-down and paternalistic approach

Weak democratization and decentralization process

Limited use of policy research or professional opinion

Weak institutional capacity

Inadequate human capital

Over 70% illiterate,

Serious malaria and HIV/AIDS

Lack of social capital

Weak farmer organizations

No union of farmers

Inadequate rule of law

Limited public investment and inadequate access to financial services

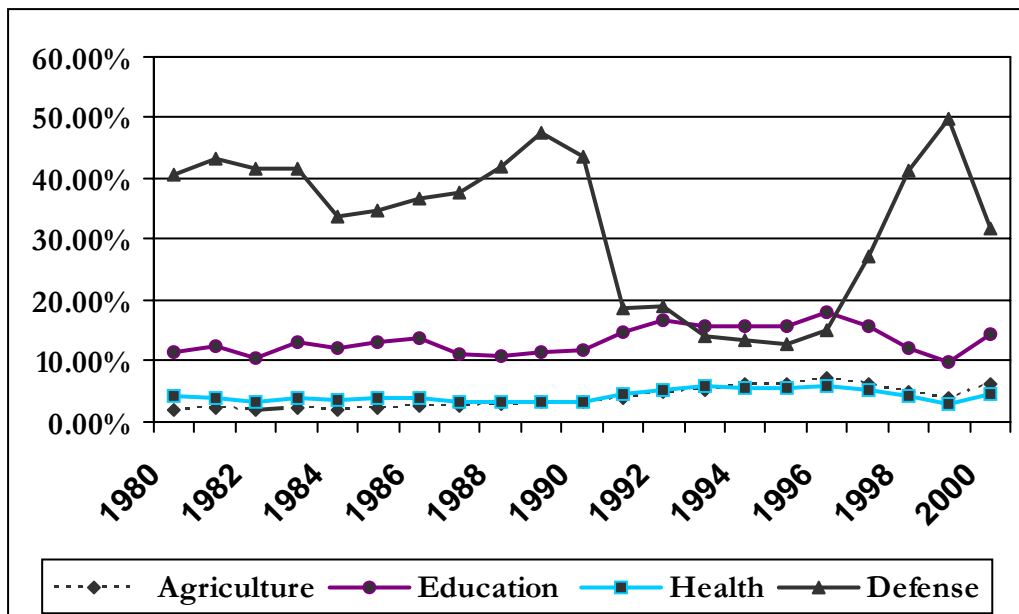
Inadequate budget to agricultural development

High cost of defense expenditure

Minimal capital expenditure

Underdeveloped rural financial services

Figure 4: Sectoral comparison of government recurrent expenditure allocation



Inadequate markets discouraged agr modernization

High risk and coordination failure in the market places

- Fragmented and thin grain markets
 - Low and variable output prices vis-à-vis
 - Rising input (e.g. fertilizer) prices due to Removal of fertilizer subsidies
- Uncompetitive markets

Compounded by:

Ineffective markets land, labour, input, finance

Inadequate markets undermine capital accumulation

Unprofitable inputs result in decapitalization– loss of savings, sell of cattle assets, draft equipment, and other assets to repay loans

No capacity to invest in irrigation (e.g. pumps)

Low level of technology uptake

Markets unable to facilitate grain movement from surplus to deficit

Relief distribution a major means to reach victims

Weaken private sector

IV. FOOD AID AND FOOD SECURITY

Food aid has

- Saved many lives
- Reduced price and stabilized consumption of poor
- Reduced the need for food imports

But food aid only short-term relief

Not solution for food insecurity or rural poverty

Different ways in which food aid undermined food security initiatives

Crowds out development investment

- Cost very high for donors as well as Government
- High return if money invested in agricultural development

Is not aimed at preventing famine

- Gives fish but not how to fish
- No end to the cycle of food aid

Encourages patron-client relationship – political clientelism

Distorts markets and incentives for surplus producers and traders

Exacerbate the problem of low and variable grain prices

Serious disincentive, especially

Late arrival coinciding with harvest season

Problem of targeting

Uncertainties

Fosters dependence in the case of some farmers – sell asset to qualify

Handouts on a continuous basis defeat the spirit of self-reliance

Shifts dietary preferences away from traditional crops – sustains preference for cereals

V. WAY FORWARD

Undertake institutional reform

Protective institutions - well-defined property right in land and other assets and rule of law.

Inclusive Institutions – voice for the majority, good governance, policy dialogue

Strengthen institutional capacity – agr policy formulation, implementation and monitoring

Revise land policy (consolidation and security)

Put in place supportive marketing policies

Policy to ensure price incentives – **profitability**

– stabilize prices (min – max prices)

- protect against cheap import and food aid

- promote trade (reg. and intr'l)

Policy to make inputs affordable (targeted subsidy)

Support private sector led growth

Reduce transaction costs

Standards and regulatory frameworks

Reorganize rural services

Research and extension – farmer-led and demand driven

Seed multiplication

Input markets and veterinary services

Financial services

Short- and long-term finance

Trust fund for irrigation

Increase investment & reallocate food aid resources

sustainable irrigation and other infrastructure

market and infrastructure

human resource

technology development and dissemination

Support productive safety net programs

– Strategic grain reserve based on local purchase

Use reserve to stabilize prices

- Introduce harvest failure fund or insurance

- Cash instead of food transfer

- Develop non-farm sector

VI. LESSONS FOR AFRICA

Agricultural potential high

Large cultivable area

Diverse climatic weather

High irrigation potential

Cheap labour force in rural areas (farmers)

Food import/ aid not a solution to rural poverty

Local producers cannot compete with import (subsidized)

Protect and support agriculture

Increase investment to tap potential

Reallocate resources from food aid/ import to agricultural development

Investment in inputs up to 5 times more food

Increase budgetary allocations (NEPAD)

Promote trade – regional and international markets