United States Agency for International Development
Mission to Ethiopia
Office of Agriculture and Natural Resources

MEMORANDUM

To: See Distribution

From: Meg Brown, ANR

Date: December 12, 1996

Subject: Notes on Food Security session of the CG Meetings

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Summary

The December 10 afternoon session of the Consultative Group meetings was devoted to discussion of the FDRE's food security strategy paper. The stated aim of this session was to initiate dialogue, not to establish "conclusive positions." Ato Newai Gebre-ab, Economic Advisor to the Prime Minister presented the FDRE strategy, outlining the history of food insecurity in Ethiopia, the great progress in recent years and the "three pillars" of the FDRE food security strategy: growth, entitlement and emergency.

Various donors read statements praising the FDRE for having developed a strategy that goes in the right directions and that addresses the three necessary elements of food security in Ethiopia: availability (agricultural production), access (income and utilization) and emergency capability. Numerous donors however noted their desire for a further elaboration of the "good start" of a food security strategy and called on the FDRE to set up a joint donor-FDRE committee to undertake this task.

The Three Pillars

Ato Newai noted that it is only appropriate that there be a food security strategy for Ethiopia given its long (two decades plus) history of food insecurity. Newai presented the strategy as having three major pillars: growth, entitlement and emergency. It is based on the broader Agricultural Development Led Industrialization strategy (ADLI) which aims to restructure the economy, using agriculture as the engine of economic growth. Growth refers primarily to agriculture, as this is really the base of Ethiopia's economy. There is a "green revolution element" in the FDRE's growth component, consisting of dissemination of improved packages of ag. technology to smallholder farmers in rainfed areas. These packages consist primarily of improved seed varieties and application of fertilizers, leading to a more than doubling of

productivity.

In addition to a focus on agricultural production in reliable rainfall areas, the strategy also promotes improvement of the agricultural base in deficit areas, increased emphasis on irrigation and expansion of land under cultivation, and strengthening rural financial markets. It recognizes the need in the short to medium term for continued food aid to address food insecurity at the household level, even when, at a national level, Ethiopia may be food secure.

In the long term, which is not addressed specifically in the strategy paper, Newai outlined the government's intended directions for achieving sustainable food security in Ethiopia.

The FDRE recognizes that there are and will be vulnerable groups, despite high ag. production that may lead to food security at the national level. To address household food insecurity, the government proposes to continue their programs of food ~~for recovery~~ (better known in donor circles as food for work). These programs will be used to assist vulnerable households while at the same time serving to link relief to development, create assets that will lead to improved agricultural bases (soil conservation, reforestation, rural infrastructure) and break the dependency syndrome caused by free food handouts.

Newai did not mention in his presentation any details dealing with the strategy's emergency component. Rather, he went on to describe the government's longer term thinking on developing a "virtuous circle of growth" to re-establish food security in Ethiopia, an area not dealt with in the presented food security strategy. Sustainable food security will require decreasing population growth rate, technological transformation of agriculture and shifting rural labor force from agriculture to non-agricultural activities over the next 20 years.

Agriculture Sector Programs

Newai went on to describe what he called agricultural sector programs. The major departure from previous years is that integrated rural development projects no longer constitute the center piece of the agricultural sector programs. Rather "the focus is on narrowly designed programs aiming to increase agricultural output by activating the supply response from farmers."

Newai mentioned that the programs in the future would be developed in the context of the "getting prices right" approach, would focus on smallholders, and would emphasize unimpeded access to credit through expansion of rural banks. He cited the World Bank's fertilizer program as the most important sector program currently under implementation, along with the Bank's recently started seed program and soon to be developed agricultural research program.

Donor Responses

Many donors, whose field representatives had participated actively in the Addis Ababa donor food security group, used the points developed by this group to present to the FDRE.

The U.S. expressed appreciation of the dialogue that had been started on food security through the food security donor's group. Marge Bonner raised a question on whether the government's emphasis on irrigation would lead to issues on water use rights with neighboring countries. She also noted that while we will try to be as responsive and flexible as possible on what and how we provide food aid, we may not have the ability to be as flexible as some donor colleagues such as the EU. She noted also that while we have relatively smooth implementation on our food aid programs, we have experienced frustration and no success over the past 2 years in trying to move into the agricultural production side of food security. She expressed the strong hope that the FDRE recognizes that food security is a multi-sectoral issue, and that it will require many actors to be involved in design and implementation of food security activities. Therefore, FDRE participation in such activities will hopefully not be limited to just one sectoral ministry such as agriculture. Finally, she offered to reconsider our previous focus on only high potential areas, and would be open to looking at dryland agricultural interventions.

The European Union, whose statement was read by Ireland as president of the EU, the Swedish, British and Canadians all used at least some of the 21 points developed jointly by the food security group. There was uniformity in the call by donors to continue the donor-FDRE food security dialogue initiated in September this year in order to continue developing next steps for food security.

The EU/Ireland statement called for more concrete commitment from the FDRE on breaking the food aid dependency, continued dialogue, a finalized strategy document developed jointly, and a timeframe for the latter. ***Sweden*** noted that in some cases the strategy document only gave outlines of ideas which really would need further description and analysis. They were also concerned that the strong emphasis on high input agriculture could have a negative impact on the environment and urged the FDRE to look more closely at low input agricultural options. They too requested the government to articulate a timetable for the finalization of the strategy, and called for donor participation in the process through the establishment of a joint donor-FDRE committee on food security.

Canada noted that strong political commitment and leadership would be required to carry out the food security strategy, and also noted lack of detail and priority setting in the current document. They noted that the roles of institutions have not be well delineated, and recommended that a monitoring system be set up to track implementation of the strategy. They requested more details regarding timing, a plan of investment for implementing the strategy and flexibility in applying the outlined approaches. They

suggested that a national task force be established for food security, with a clearly identified lead from the FDRE side, and that would involve technical experts from donors.

The United Kingdom asked Newai if and how stakeholders would be involved in the further elaboration of the strategy. They reiterated the request for prioritization in the document, and that indicative costs be put forward.

The EU Delegation to Ethiopia made comments in addition to the statement made on the EU's behalf by Ireland. They noted that the document was a good start and noted that the FDRE document complements the EU's food security strategy. However, they noted that linkages to various other FDRE strategies that necessarily underlie the food security strategy have not been well integrated into the document. They also questioned the future role of the Emergency Food Security Reserve in a liberalized market economy. They recommended that the FDRE's Employment Generation Schemes (essentially food for work schemes) should be flexible in order to adapt to each community's expressed development needs. They reiterated the need for collaboration and coordination of the FDRE with donors, a need to establish priorities, timeframe and monitoring systems.

The EU/Ethiopia Delegation went on to describe some aspects of the EU strategy which includes using food aid as a tool for food security which should have its used limited to crises, and should link relief to development. Triangular trade and local purchases are preferred to direct food aid imports. Food aid should be integrated into the national strategy of a recipient country and there should be a dynamic approach to food security policies that looks at solving causes of food insecurity, emphasizes market access and entitlement at the household level, and is adapted to each country's particular circumstances.

Other donors who did not participate in the donor food security group also made statements or comments. The *Dutch* raised concerns that the strategy document emphasized private sector so much that it may have overlooked the necessary role of government in such areas as agricultural research and extension, pricing policy and land security. They encouraged the government to follow bottom up planning to strengthen the regions, and were concerned that the credit programs may be reaching only the larger farmers. They noted that the success of the Sasakawa-Global 2000 approach in increasing agricultural production (upon which the government's own agricultural production program is largely based) may not be applicable to lower potential areas and that environmental problems may be exacerbated. Land security was noted as an essential element to sustainable investments, and that women will also play an important role in the nutrition and health side of the food security equation.

Finland appreciated the inclusion of livestock in the food security strategy, since they represent 30 percent of the agricultural GDP,

and they particularly welcomed the private sector elements pertaining to dairy cattle development activities. ***Austria*** also supported the livestock components in the paper, having just recently signed an agreement with the FDRE to support this sub-sector. ***Norway*** noted that NGOs have not been fully brought into the strategy, despite their experience and important roles they play in development. ***IFAD*** noted that they already have implementation experience in agricultural credit and beginning in small scale irrigation. They will also be associated with the World Bank seed program. IFAD is pleased with the approach of integrating the poor into the Ethiopian economy and offered assistance in areas in addition to those where they are already active, citing transactions costs of small farmers as one example. ***UNICEF*** noted that food security, at a household level, is particularly complex, given evidence that even in areas of higher income and higher agricultural production, malnutrition rates are still high.

FDRE Response to Donor Comments

Newai gave thoughtful, tactful responses to donor comments and suggestions. First he noted that donors and the FDRE seem to have a difference of opinion on what constitutes a strategy. For the FDRE, a strategy "tells us how to do, not what to do." He believes that what the donors call a strategy is what the FDRE considers a sector program paper, such as for health and education, where there is a clearer idea of priorities, resources required and timeframes. He appreciated that there is agreement on the three pillars of the strategy. Elaboration beyond the current paper, he stated, will be done through the development of an agricultural sector program.

Newai then addressed concerns about the long term versus medium term regarding need for and use of food aid. He emphasized that in the medium term, the FDRE simply does not have the budget to purchase food that is and will be needed by vulnerable groups. To have the government use its budget for this purpose could jeopardize the macroeconomic progress being made.

He noted that concerns about the over emphasis on high input agriculture should be tempered by recognizing that high input in Ethiopia is really not all that high, given the current extremely low starting levels. He went on to describe in very general terms, what the government's thinking is on irrigation, and admitted that there is no program developed as yet and there is a lack of capability for this. He denied that there would be problems with regionalization having a negative effect on movement of grains, stating that regions do not have control over their surplus production, and that the market is the dominating force for distribution and price setting.
To address the point about lack of priorities in the strategy paper, Newai pointed out that certain priorities are described (for example, high potential areas are a focus). He acknowledged that land security is important, but that this does not necessarily mean land ownership, and the current direction of the Ethiopian land policy does not prevent establishing the requisite land security.

He noted that provision of credit was not inhibited by lack of ownership of land since the rural credit scheme does not require any collateral, land or otherwise.

Newai agreed with the point that the strategy does not mention NGOs. Their role will most logically be defined by what is required by a program or activity and then a subsequent decision on who should participate in the activity.

The meeting's chairperson ended the session with a reminder that the goal of the food security session was to initiate discussion, but not to come to conclusive decisions. However, he recommended that in the CG closing sessions, next steps be outlined for each of the sectors discussed in the CG.

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