

Chinese and Brazilian Cooperation with African Agriculture: The Case of Ethiopia

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The **ESRC (UK Economic and Social Research Council - ES/J018317/)** funded CBAA project is exploring the new development cooperation engagements in agriculture across four African countries. The project is examining the politics of aid and investment policy in China and Brazil, exploring how understandings of agricultural development are translated in aid and investment projects.

The project is being carried out as part of the Future Agricultures Consortium, connecting researchers from institutions in the UK and Africa with colleagues from China and Brazil. The research involves a mapping phase that is generating a geo-referenced database of Chinese and Brazilian agricultural development cooperation projects in Ethiopia, Ghana, Mozambique and Zimbabwe. In addition, in-depth case studies of a sample of these projects, are examining the ways in which experience and expertise from China and Brazil engage with the realities of African agriculture and the perspectives of African scientists and farmers.

Comparative analysis across projects, countries and types of intervention are addressing the question of whether a “new paradigm” of development cooperation is emerging, and assessing the implications for the future of agricultural aid and investment policy.

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Abstract

The increased importance of South-South cooperation in rural and agricultural development, and especially the increased role of BRICS countries, has been debated in relation to international development assistance, specifically in terms of (i) the modalities and policies for agricultural development deployed, including officially articulated cooperation principles and visions and priorities for agricultural development, (ii) the main actors in the cooperation process, (iii) the explicit and implicit rationales for the modalities that underpin technical cooperation in agriculture, (iv) the lessons for established donors, and (iv) local perceptions of the value added of the approaches deployed. This paper provides an overview of rural and agricultural development cooperation and tries to answer these questions for the case of Brazilian and Chinese agricultural development cooperation activities in Ethiopia. In general, the Government of Ethiopia (GoE) promotes harmonisation and an alignment process of donor support through the Ethiopian High Level Forum, with nine subsidiary

sector-specific working groups. Brazil and China are not engaged in any of the nine government-donor coordination platforms including the platform for agriculture, natural resource management and food security, which is called the Rural Economic Development and Food Security Sector Working Group (RED&FS SWG). However, Brazil and China are engaged as bilateral development partners in Ethiopia, mainly in the form of experience sharing in public governance, technical cooperation, and attraction of private and public investments. Moreover, the cooperation has very specific characteristics in that, in the case of Brazil, the GoE focuses on renewable energy sector development mainly related to biofuels, whilst in the case of China, cooperation is more focused on agricultural technology and skill transfer. The paper first presents an overview of the cooperation in rural development in Ethiopia, followed by documentation of the level of engagement by Brazil and China in the major areas of cooperation, i.e. experience sharing in public governance, technical cooperation and strengthening private investment.

1. Introduction

In the effort to achieve MDG goals in developing countries, donor countries are looking for options to increase support and effectiveness. In particular, the Paris Declaration (PD), with its focus on aid effectiveness, and the Accra Agenda for Action (AAA), with its focus on the need for country ownership and inclusive partnerships, have been instrumental for members of the Global Donor Platform for Rural Development when designing a set of 'Joint Donor Principles' for effective assistance in agriculture and rural development (GDPRD 2009).

The recently emerging important role of South-South cooperation has become another dimension in the debate on how to effectively support developing countries. The approaches and extent of South-South development assistance, however, vary significantly from conventional development assistance. In Ethiopia, the importance of South-South cooperation has been gradually increasing through increased official engagement of the Ethiopian government with governments and private sector actors in the south. This is mainly in the form of experience sharing in public governance, technical cooperation, and attraction of private and public investments.

This paper focuses on the documentation of what is happening with regards to Brazilian and Chinese cooperation in Ethiopia with due emphasis on: (i) what modalities and policies for agricultural development are deployed in the country, including officially articulated cooperation principles and visions and priorities for agricultural development; (ii) who are the main actors in the cooperation process; (iii) what are the explicit and implicit rationales for the modalities that underpin technical cooperation in agriculture; (iv) what are local perceptions of the added value from approaches deployed by Brazil and China. This will help in addressing the question as to whether new paradigms for developing agriculture in Ethiopia, and Africa in general, are emerging.

The paper first presents an overview of the cooperation in rural development in Ethiopia, followed by documentation of the level of engagement by Brazil and China in the major areas of cooperation, i.e. experience sharing in public governance, technical cooperation and strengthening private investment.

2 Rural development cooperation in Ethiopia: an overview

In general, the Ethiopian government cooperation with donor countries emanates from the joint donor principles of the Global Donor Platform for Rural Development. These principles are related to: (i) ownership, where partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions; (ii) alignment,

where donors base their overall support on partner countries' national development strategies, institutions and procedures; (iii) harmonisation, where donors' actions are more aligned, transparent and collectively effective; (iv) managing resources and improving decision-making for results; (v) mutual accountability, where donors and partners are accountable for development results (GDPRD 2009).

In this regard, the Government has established a structure to support the harmonisation and alignment process of donor support. This is called the Ethiopian High Level Forum, established in June 2003 with the associated nine subsidiary joint sector working groups – namely Health, Education, Rural Development, Roads, Water, Public Financial Management, Gender, HIV/AIDS, and Public sector capacity building (MoFED 2005).

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However, the government-donor coordination platform for agriculture, natural resource management and food security, called the Rural Economic Development and Food Security Sector Working Group (RED&FS SWG), was formally established in the country in April 2008 consisting of representatives from government offices and donors. Its objective is to jointly review sector level implementation status and coordinate and harmonise efforts of various development partners supporting thematic areas under RED & FS. It is composed of an Executive Committee and three Technical Committees (Agricultural Growth; Sustainable Land Management; and Disaster Risk Management and Food Security).

Members of the RED&FS SWG are: (i) international development partners, namely AfDB, FAO, World Bank, UNDP, WFP, IFAD, IFPRI, and EU Delegation; (ii) Embassies from the west, including the embassies of Canada, Finland, Sweden, Norway, and the Netherlands; (iii) agencies for development assistance, such as the Agence

Française de Développement, CIDA, DFID, Austrian Dev't Coop, GLZ, Irish Aid, Italian Cooperation, JICA, Spanish Cooperation, Swiss Agency for Development and Cooperation (SDC), and USAID.

Under the RED&FS SWG, these development partners are aligned in supporting five national programmes: (i) Agricultural Growth Programme (AGP); (ii) Sustainable Land Management Programme (SLMP); (iii) Productive Safety Net Programme (PSNP); (iv) Households' Asset Building Programme (HAB); (v) Disaster Risk Management and Food Security Program (DRMFS).

As indicated above, Brazil and China are not engaged in the RED&FS platform, nor are they part of the stated development partners' supported programmes. However, the engagement of Brazil and China as development partners in Ethiopia is bilateral mainly in the form of experience sharing in public governance, technical cooperation, and attraction of private and public investments. In order to strengthen this bilateral relationship, there is a unique institutional arrangement in the different public organisations, especially for China.

3 Institutional set-up to promote collaboration with Brazil and China

In terms of the institutional set-up in promoting government-to-government collaboration, the different organs within the Ministry of Finance and Economic Development (MoFED) and Ministry of Foreign Affairs (MoFA) play an important role in promoting the collaboration with Brazil and China.

Due to the emphasis given for strengthened collaboration with China, the MoFED has an independent office dealing only with China, which is called the Ethio-China Development Co-operation Office. This is in addition to the International Financial Co-operation Directorate and the Bilateral Cooperation Directorate that also play a key role in promoting collaboration. The official justification for this emphasis is related to: (i) the public belief that the relationship with China has provided – and is expected to provide – the country with economic development; (ii) that China's policies are based on the principles of promoting mutual advantage and a serious commitment to a win-win scenario in bilateral relations; and (iii) China's understanding of Ethiopia's need to its own economic development strategy. This latter is demonstrated through China's provision of soft and interest free loans, as well as grants for development projects, without any conditions.

In addition, the Economy and Business Directorate of MoFA in collaboration with Ethiopian Missions in Brazil and China and the Ethiopian Investment Agency promote the collaboration mainly in terms of (i) identifying sources of Foreign Direct Investment and the selection of appropriate investors, (ii) analysing data on assistance, loans and technical cooperation agreements, (iii)

providing information on government priorities and identifying partners to finance priority areas as appropriate, and (iv) investigating development assistance experience and trend of bilateral and multilateral foreign assistance. Similarly, the Americas Affairs and the Asia and Oceania Affairs Directorates of the MoFA are also involved in promoting priority areas for political and economic cooperation with Brazil and China by conducting studies in areas of trade, investment, development cooperation, and technical assistance.

4 Engagement of Brazil and China as development partners in Ethiopia

4.1 Experience sharing in public governance

Experience sharing is mainly promoted in the form of bench-marking best practices of public governance from countries in the south through (i) experience sharing tours of higher officials, and (ii) invitation of experts from the south.

Business process re-engineering is a business management strategy, originally pioneered in the early 1990s, focusing on the analysis and design of workflows and processes within an organisation. BPR aimed to help organisations fundamentally rethink how they do their work in order to dramatically improve customer service, cut operational costs, and become world-class competitors.

During the last three years (since 2008) all public institutions in Ethiopia had gone through the so-called 'Business-Process-Reengineering' (BPR) meant to reconsider the way they operate in doing their business to ensure improved public services. The main concepts and procedures in implementing BPR were adapted from Hammer and Champy (1993) and Davenport (1993), and trainings on BPR were given to technical teams in each public organisation using the stated references. The key methodology in the BPR process was bench-marking best practices and most of the public institutions have been bench-marking a number of countries in the south, mainly China, India, Thailand, Brazil etc. The key assumptions considered for bench-marking these countries were: (i) they have witnessed fast economic growth; (ii) they have more or less similar administration, such as federal set-up (India, Brazil etc); (iii) the possibility of accessing their markets through trade agreements. At least one bench-marking visit has been made by each of the BPR team of the public organisations. In general, the visits are coordinated by Ethiopian diplomatic missions in respective countries.

The key mechanism of bench-marking is through experience sharing visits by higher officials in the rank

of Ministers, State Ministers, as well as Directors and senior experts of the relevant ministries.

Below are some examples of bench-marking experiences that have been well-adapted to Ethiopia.

- (i) The process underway to restructure the Ethiopian Agricultural Research System based on the Indian system. Key issues in bench-marking were: (a) the institutional setup to manage a decentralised agricultural research system where there are national research programmes and regional/state research programmes; (b) the approaches in research programme design, implementation and budgeting; and (c) the approach in agricultural research and development linkages.
- (ii) The promotion of bio-energy strategy based on the Brazilian strategy: biofuel development in Brazil is considered as an exemplary model for Ethiopia, in particular the production of biofuel (Ethanol) from sugar. The key aim of biofuel sector development is to reduce full dependence on petroleum imports, with a target of 25 percent ethanol blending by 2015, up from the current 5 percent.
- (iii) The promotion of agricultural technical vocational education and training (TVET) adapted from China: this has been made through the contributions of China to the construction of vocational, technical and training colleges in various parts of the country and numerous volunteer trainers and teachers at different levels.
- (iv) Promoting the idea of agro-industry zones nearby major towns adapted from China: this intervention has been bench-marked through the frequent exchange of visits by high level officials and legislators.
- (v) Adaptation of group action approaches from China and Korea related to the organisation of farmers into groups – underway since late 2011.

4.2 Technical cooperation

Technical cooperation in the form of bilateral agreements is an approach followed by both China and Brazil in support of the agricultural development efforts in Ethiopia.

4.2.1 Technical cooperation between Brazil and Ethiopia

The technical cooperation between Ethiopia and Brazil is yet to be cemented and developed, though an all-round agreement of cooperation between the two countries was signed on 24 April 2012 during the official visit of the Brazilian Foreign Minister. The areas considered in the agreement were education, agricultural research, social security, construction and investment – particularly in renewable energy resource management. In recognition of this, the concrete areas of collaboration and its mechanism with Brazil are in the process of design.

Overall, the technical cooperation with Brazil seems to focus on two major, interlinked areas. The first is in the area of agricultural research, and discussions are underway between the Ethiopian Institute of Agricultural Research and EMBRAPA to agree on a mode of collaboration. The second is in the area of biofuel development. This will be in the form of private sector engagement along with Brazilian collaboration with the Ethiopian Sugar Corporation.

a) Technical cooperative in the area of research

The recent visit by higher officials from the Ministry of Agriculture, Ethiopian Institute of Agricultural Research and Ethiopian Sugar Corporation to EMBRAPA aimed to:

- (i) share experience about approaches in research coordination and management systems, demand driven technology development, value additions, technology promotion and transfer mechanisms to different users, and approaches of capacity building in the research system;
- (ii) identify areas of collaboration, with a focus on (a) agro-energy research linked with bio-fuel research and development, (b) Genetic Resources and Biotechnology research related with management, biological security, and germplasm exchange, (iii) Semi-Arid Tropical Agricultural Research related with irrigation and dryland agriculture, and (iv) small-scale farm mechanisation.

b) Bench marked lesson from Brazil: Biofuel development

Ethiopia is a non-oil producing country, fully dependent on imports. According to the Ethiopian Petroleum Enterprise (EPE), the sole importer of petroleum, the country's expenditure on fuel was 1.5 billion birr annually in the early 1990s, which has increased to nearly 20 billion birr in recent years – draining Ethiopia's hard-earned foreign currency. As a result, the country has started promoting alternative strategies. Accordingly, the Ethiopian government has developed a strategic document on biofuels development and utilisation with a target of 25 percent ethanol blending by 2015 instead of the current 5 percent (MoME 2008). This strategy has the twin objectives of both achieving energy security via diversifying the energy sources in the country, and lowering exposure to the price volatility in international oil markets. The strategy justifies the economic viability of biofuel development in Ethiopia by saving the scarce foreign exchange through import substitution, as well as the generation of jobs, rural development and foreign exchange earnings from export of biofuels and accessing funds through carbon trading (Alebachew 2009).

In this regard, the biofuel sector development in Brazil is considered as an excellent model, especially the sugar industry based development of biofuel (Ethanol) production. Accordingly, the core content of the recently

signed agreement between the two countries is highly centred on the promotion of renewable energy resource management – especially biofuel –through technical cooperation in education, agricultural research, social security, construction and investment. So far, only one private Brazilian sugar company, BDFC Ethiopia registered in 2007, is operating in Ethiopia. It seeks to erect a sugar factory – including cane plantations at Jawi in Awi Zone, Amhara Regional State.

4.2.2 Technical cooperation with China

The technical cooperation between China and Ethiopia has a long history dating back to the official establishment of diplomatic relations in 1970. Normally, it has been framed through cooperation agreements that have been updated several times. The current cooperation is based on the economic and technological cooperation agreements signed between the two countries on 18 December 2006 and amended on 20 March 2007. This has resulted in two concrete agricultural development related agreements: (i) the agreement to construct an Ethiopia-China Agricultural Technology Demonstration centre in Ethiopia, signed 30 May 2008; and (ii) the agreement for a provision of Chinese instructors on agricultural technical vocational education and training (TVET) to Ethiopia.

a) Ethiopia-China Agricultural Technology Demonstration centre

The centre will cost RMB 40 million as a non-reimbursable assistance project under the Economic and Technological Cooperation Agreements signed in 2006 and 2007, respectively. The main purpose of establishing the centre is to promote transfer of physical agricultural technologies and knowledge from China along with ensuring local capacity building through demonstration and training (MoA 2009).

The centre is established on 52 ha of land, and its overall design shows that it will use 5 ha for offices and training facilities, 3 ha for experimentation, 31 ha for crop technology demonstration, 3 ha for animal raising and demonstration, 2 ha for fish ponds, 2 ha of edible fungi demonstration garden, 2 ha for post-harvest treatment and technology demonstration, and the remaining 4 ha will be for road, water channels, walls, and fences, etc. This indicates that the centre will integrate all subsectors of agriculture.

According to the agreement, the Chinese side took the following responsibilities.

- Design and construction of the centre, based on the design regulations and technical specification of China for such a purpose.

- Management and operation of the demonstration centre for the three years following completion of the civil engineering works.
- Provision and introduction of high value/high quality crop varieties.
- Testing and demonstration of advanced agricultural technologies.
- Provision of technological training.
- Provision of management and operational experiences to relevant Ethiopian staff.
- Closely working with the Ethiopian counterpart following handover of the centre to ensure its sustainable development.

As of November 2012, fourteen Chinese experts have arrived to make the centre functional, and it is expected that training programmes for the agricultural extension personnel and farmers will commence in time for the 2013 production season.

b) Provision of Chinese instructors on agricultural technical vocational education and training (TVET)

This is based on a specific agreement signed in the MoA between Ethiopia and China which has been under implementation since 2001. The main objective of this agreement was to send Chinese agricultural TVET instructors to Ethiopia to provide practical training within the agricultural TVET system. Each year, the agreement is renewed following the Ethiopian fiscal year. For example, the agreement for 2011/12 indicates that 16 Chinese instructors were deployed in Ethiopian agricultural TVETs. According to the agreement, the selection of relevant instructors is the responsibility of China's MoA, whilst the other costs of the programme are covered by the MoA of Ethiopia – these include accommodation, utilities and health costs, as well as the monthly gross salary of each instructor (close to 2000 USD). The professional backgrounds of the instructors for the 2011/12 academic year included agronomy, plant protection, horticulture, fresh water aquaculture, livestock, sericulture, and veterinary science. Their educational levels were at that of MSc. (seven instructors) and BSc. (nine instructors). The average work experience of the instructors in this group was approximately 20 years (MoA 2010).

In Ethiopia there are 25 agricultural TVETs places across the different regions. Their main role is to produce agricultural extension workers, with relevant diplomas, to become frontline development agents working closely with farmers. Figures indicate that in 2012 there were close to 60,000 development agents in the country undertaking extension work. The request of instructors from China seems to facilitate knowledge and skill transfer directly to farmers through well trained development agents.

4.3 Attraction of private investments

Linked with technical cooperation, the Ethiopian government is also promoting southern investment possibilities in the country. There are high expectations of Brazilian investment in the sugar industry, linked with the promotion of biofuel. The invitation by the Brazilian Foreign Minister (Mr Antonio Partiota) to the Prime Minister, Meles Zelawi, to take part in the RIO 20 Conference was expected to culminate in a detailed discussion and agreement to promote such investment, however, the visit was not realised.

The Ethio-China relationship is guided by the Ministerial Conference of the Forum on China-Africa Cooperation and the different bilateral agreements between the two states.

In general, the status of agriculture related investment seems to be low so far from both Brazil and China, though the investments from China in other sectors are comparatively high. Table 1 presents the current agriculture related investments from China with permits from the Ethiopian Investment Agency (EIA). The total number since 2008 is 32, of which 18 are in the area of vegetable farming; four are in edible oil production and processing (including a major investment in palm oil plantation with about 33 thousand ha of land), three companies are licensed in sugar cane production and

processing, and three have received permits to operate in pig farming and processing. The other permits are approved for poultry farming (two), mushroom farming (one), and a rubber plantation (one), with about 30,000 ha. Similar findings were reported by Bräutigam and Tang (2012) that Chinese farming investment is far smaller, at present, than generally believed, though Chinese engagement in agriculture and rural development in Ethiopia is longstanding.

With the exception of investments in government priority areas such as palm oil, sugar cane and rubber plantations, Chinese agriculture related investments are generally integrated, and linked with other investments in order to promote vertical integration. For example, most of the vegetable, pig and poultry farms also supply local Chinese restaurants/hotels and/or other international hotels.

Overall, the MoA data on foreign agricultural investments show that China and Brazil do not take centre stage. Of the total 118 agriculture related investments, 20 percent are from the USA, 18 percent are from foreigners with Ethiopian origin (Diaspora), 15 percent are European, 8 percent are Israeli, 8 percent are joint ventures, 7 percent are Saudi, and the remaining 14 percent is from other countries, including China and Brazil.

Table 1 Current status of Chinese agricultural investment in Ethiopia

Region	Investor	Area of Investment	Year of permit	Capital ('000 birr)	Area (ha)
Amhara	Li Youqin	Production of Sesame, Cotton, Peanut, Maize & Wheat	2008	8,800	NA
	Sino Farm PLC	Production of Rice & Sesame	2009	2,000	100.00
	Cao Junhan	Oil Seeds and Sugarcane Production and Processing	2011	65,000	NA
Addis Ababa	Li Xin	Production of Vegetable	2009	2,860	1.50
	MA Weiguang	Vegetable Farming	2010	2,000	
Oromiya	Bo Wenling	Farming & Processing of Sesame	2008	1,000	0.10
	Xinyue Wu	Farming of Oil Seeds for Export	2008	2,000	3.50
	Jin Xin	Horticulture Crops & Improved Seeds Production	2009	5,871	50.00
	Jiang Xuefang	Production of Maize, Soya bean & Oil Crops, Pig Farming & Processing of Pig Meat	2009	4,000	50.00
	Zhonglian Ke	Farming of Vegetables	2009	3,000	2.00
	Xiuhai Zhang	Farming of Vegetable	2009	3,000	2.00
	Ma Wanbing	Production of Vegetables	2009	3,000	5.00
	Xiang Xu	Production of Vegetables & Fruits	2009	3,500	NA
	Jintian Agricultural Ecology Zone PLC	Production & Processing of Vegetables, Fruit & Cereal Crops	2009	6,000	100.00
	Min Lu	Farming of Vegetables	2009	2,500	3.00
	Yiling Wang	Farming of Vegetables	2009	2,500	1.50
	Fenghua Li	Farming of Vegetables	2009	3,500	.50
	Chenliang Guo	Farming of Vegetables & Flower	2009	7,100	NA
	Quan Guoxing	Vegetable Farming	2009	2,580	0.10
	Ni Erming	Poultry & Crop (Wheat & Corn) Farming	2009	15,000	1.50
	Xiong Jia	Plantation of Sugar Cane & Sugar Factory	2009	16,000	NA
	SHUQING LI	Pig farm and pork processing	2010	10,000	NA
	QILIANG WANG	Vegetable farm	2010	6,000	20.00
	SHOULONG GAO	Breeding, fattening and processing of pig	2010	8,000	NA
	Shuhe Hua	Vegetable Farming	2010	6,000	10.00
	Wei Shen	Farming Of Fruits and Vegetables	2012	16,700	NA
SNNPR	Boleyn Industry (ET) PLC	Rubber Plantation	2008	30,000	100,000
	LIM SLOW JIN ESTATE SDN. BHD (Ethiopia branch)	Integrated palm tree plantation and production of palm oil	2010	3,761.23	31,300
	Joy River Meat Production PLC	Poultry Farming and Cattle Raising, Fattening and Meat Processing For Local and Export Market	2010	1,680	9.70
Multi-regional	Chen Chuanbing	Farming Vegetables, Fruit and Poultry	2007	1,000	1.00
	E.C Vegetables & Fruit Farm PLC	Production of Vegetables, Strawberry, Grapes, Corn & Wheat	2008	10,000	1,000
	Ethiopia Shengda Mushroom Technology PLC	Farming of Mushroom	2009	1,500	0.50

Source: Ethiopian Investment Agency, 2012

Table 2 Current status of Brazilian agricultural investment in Ethiopia

Region	Investor	Area of Investment	Year of permit	Capital ('000 birr)	Area (ha)
Oromiya	Tamar Farm PLC	Farming of Fruits, Grain, Sweet Pepper and Corn	2008	20,000	1000
Multi-regional	BDFC Ethiopia Industry PLC	Coffee and Sugar Cane Farming and Processing	2007	3,000	NA

Source: Ethiopian Investment Agency, 2012

5 Conclusion

The engagement of Brazil and China as development partners in the agricultural sector in Ethiopia is mainly bilateral in the form of experience sharing in public governance, technical cooperation, and attraction of private investments.

In terms of experience sharing in public governance, both China and Brazil play an important role. Notably, they were also both bench-marked during the recent 'Business Process Re-engineering' undertaken in all public institutions which sought to make the public service more efficient and accountable.

Overall, the government of Ethiopia seems to have a targeted cooperation in the agricultural sector with both China and Brazil. The cooperation with Brazil, still in the making, is expected to focus on the development of renewable energy, particularly the biofuel sector, as a way to reduce Ethiopia's dependence on imported petroleum. Therefore, the technical cooperation and attraction of investment from Brazil is geared towards this sector. Meanwhile, the technical cooperation with China is much more related to agricultural technology and knowledge transfer through collaboration in the establishment of a technology demonstration centre and the deployment of Chinese agricultural instructors.

The uniqueness of Ethiopia's cooperation with Brazil and China sets the bench-mark for public governance approaches and procedures, and would seem to usher in a new paradigm to Ethiopian agricultural development. This shows clearly the new dimension of the development assistance provided to Ethiopia, and developing countries in general, where consideration of South-South cooperation is at the forefront.

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