



**New Partnership for
Africa's Development (NEPAD)
Comprehensive Africa Agriculture
Development Programme (CAADP)**



**Food and Agriculture Organization
of the United Nations
Investment Centre Division**

**GOVERNMENT OF THE FEDERAL DEMOCRATIC
REPUBLIC OF ETHIOPIA**

SUPPORT TO NEPAD–CAADP IMPLEMENTATION

**TCP/ETH/2908 (I)
(NEPAD Ref. 05/08 E)**

Volume I of VI

**NATIONAL MEDIUM TERM INVESTMENT PROGRAMME
(NMTIP)**

January 2005

ETHIOPIA: Support to NEPAD–CAADP Implementation

Volume I: National Medium–Term Investment Programme (NMTIP)

Bankable Investment Project Profiles (BIPPs)

Volume II: Water Harvesting and Small–Scale Irrigation

Volume III: Human Resource Development for Agricultural Extension

Volume IV: Client-oriented Agricultural Research for Development

Volume V: Live Animal and Meat Export

Volume VI: Agricultural Marketing Improvement Programme 2 (AMIP 2)

ETHIOPIA:
NEPAD–CAADP National Medium–Term Investment Programme (NMTIP)

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Abbreviations

ADLI	Agricultural development–led industrialization
ADB	African Development Bank
AISE	Agricultural Inputs Supply Enterprise
AU	African Union
CAADP	Comprehensive Africa Agriculture Development Programme
CAS	Country Assistance Strategy
CFS	Coalition for Food Security
CRDA	Christian Relief and Development Association
DCI	Development Corporation of Ireland
DFID	Department for International Development (UK)
DPPC	Disaster Prevention and Preparedness Commission
EDF	European Development Fund
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
GDP	Gross Domestic Product
HIV/AIDS	Human Immuno–deficiency Virus/Acquired Immuno–deficiency Syndrome
IDA	International Development Association (World Bank)
IFAD	International Fund for Agricultural Development
MoARD	Ministry of Agriculture and Rural Development
M&E	Monitoring and Evaluation
MoFED	Ministry of Finance and Economic Development
NEPAD	New Partnership for Africa’s Development
NGO	Non–governmental organization
SDPRP	Sustainable Development and Poverty Reduction Programme
SIDA	Swedish International Development Agency
SNNPR	Southern Nations and Nationalities Peoples’ Region
TVET	Technical and Vocational Education and Training
USAID	United States Agency for International Development

Preface

*In an effort to halt and reverse the decline of the agricultural sector in the continent, the African ministers for agriculture unanimously adopted, at the 22nd FAO Regional Conference for Africa, held on 8 February 2002 in Cairo, a resolution laying down key steps to be taken in relation to agriculture in the framework of the **New Partnership for Africa’s Development (NEPAD)**. As a follow–up to this resolution, they endorsed, on 9 June, 2002, the **NEPAD Comprehensive Africa Agriculture Development Programme (CAADP)**. The recent **Declaration on Agriculture and Food Security in Africa**, ratified by the African Union Assembly of Heads of State and Government during its Second Ordinary Session, held in Maputo between 10 and 11 July 2003, provided strong political support to the CAADP. During this session, the Heads of State and Government agreed to adopt sound policies for agricultural and rural development, and committed themselves to allocating at least 10 percent of national budgetary resources for their implementation within five years.*

*The CAADP provides an integrated framework of development priorities aimed at restoring agricultural growth, rural development and food security in the African region. In its very essence, it seeks to implement the key recommendations on food security, poverty reduction and sustainable use of natural resources, made at recent global conferences. The CAADP comprises **five pillars**:¹*

- 1. Expansion of the area under sustainable land management and reliable water control systems.*
- 2. Improvement of rural infrastructure and trade–related capacities for improved market access.*
- 3. Enhancement of food supply and reduction of hunger.*
- 4. Development of agricultural research, technological dissemination and adoption to sustain long–term productivity growth.*
- 5. Sustainable development of livestock, fisheries and forestry resources.*

As an immediate follow–up to the Maputo Declaration, representatives of 18 African ministries for agriculture from member countries of the NEPAD Implementation Committee, the NEPAD Steering Committee, the African Development Bank, the World Bank, the International Fund for Agricultural Development, the World Food Programme, FAO and civil society, participated in a meeting held in Rome on 17 September 2003, in order to discuss the implementation of the CAADP, and more specifically the:

- Methodology for the review/update of the **national long–term food security and agricultural development strategies**.*
- Preparation of **National Medium–Term Investment Programmes (NMTIPs)**.*
- Formulation of the related “**Bankable Investment Project Profiles**”(BIPPs).*

¹ Pillar 5 was initially not part of CAADP, but has been added in recognition of the importance of the sub–sectors.

It is within this context that the Government of Ethiopia, in an effort to reinforce its interventions aimed at fighting poverty and food insecurity, has requested FAO to assist in preparing a NMTIP and a portfolio of BIPPs, with the aim to:

- *create an environment favourable to improved competitiveness of the agricultural and rural sector;*
- *achieve quantitative objectives and mobilize resources to the extent needed for the associated investment in agriculture;*
- *achieve the targeted allocation of national budgetary resources to this area, reflecting the commitment made in the Maputo Declaration; and*
- *create a framework for coordinated bilateral and multilateral financing of the sector.*

*The present NMTIP, which draws on work of the recent Rural Development Policies, Strategies and Instruments, the Sustainable Development and Poverty Reduction Programme (SDPRP) and the Coalition for Food Security, and is intended to contribute to the implementation of the Poverty Reduction Strategy Programme (PRSP). It was prepared by the Lead National Consultant², under the overall supervision of the National Project Coordinator/NEPAD focal point in the Ministry of Agriculture and Rural Development³ and in close collaboration with the NMTIP Core Team from the MoARD. The team was assisted by experts from the FAO Investment Centre Division⁴ while the Office of the FAO Representative provided crucial administrative support. In the process of preparing this document, participation was sought from major stakeholders from government, development partners, cooperatives, private sector and civil society. Key to the finalization of the NMTIP was the **National Stakeholder Workshop** held on 4 October 2004, during which a draft of this document was discussed and validated, and project ideas for the BIPPs prioritized, based on agreed-upon selection criteria. Five of these were further developed into BIPPs that are presented in a separate document.⁵ Lastly, the NMTIP and the BIPPs were reviewed by an FAO Virtual Task Force of technical experts.*

This document starts with a brief description of Ethiopia’s agricultural sector in the context of the country’s economy and poverty and food security situation. This is followed by a review of national and development partner strategies and programmes, lessons learned, and an analysis of the principal constraints to, as well as opportunities for, the development of the sector. Based on this analysis and taking into account existing government strategies and the five pillars of CAADP, priority areas for investment have been identified. Finally, an attempt has been made to estimate the financing gap in terms of additional resources that would be required to meet the target of allocating 10 percent of national budget to the sector within five years, and a proposal put forward for monitoring and evaluation of the NMTIP implementation.

² Mr Tesfaye Assefa, Agriculturist.

³ Mr Ato Sileshi Ashine.

⁴ Messrs Michael Wales, Principal Advisor, TCI, and Nick Maddock, Agricultural Economist, Consultant.

⁵ For the purposes of the present exercise, “Bankable Investment Project Profiles” are defined as documents elaborated in a format and with the information that could make them favourably considered by the financial institutions, donors and private investors foreseen in the Maputo Declaration. These documents should enable cooperating partners to make preliminary indications of interest, and of approximate level of funding commitment. Further feasibility analysis and subsequent processing through the concerned partner(s) regular project formulation systems would follow to obtain a project/programme proposal elaborated to the feasibility study level.

I. INTRODUCTION

A. The Economy

I.1. Ethiopia remains one of the world’s poorest nations, with GDP per capita of US\$100 (around 20% of the average for the countries of sub-Saharan Africa). Some 44% of the 2003 population of 70 million lives below the poverty line, with poverty concentrated in the 85% of the population in the rural areas. Average life expectancy was 42 years in 2000 and is falling due to HIV/AIDS. Infant and child mortality and child malnutrition rates are among the highest in the world, although with recent improvements in infant mortality. In consequence, Ethiopia ranks very near the bottom (168th out of 173 countries) on the Human Development Index.

I.2. Despite periodic droughts and conflicts, the Ethiopian economy performed well over the last decade. GDP grew at an annual average of nearly 5% over the period 1993–2001, while GDP per capita grew by 2.8% per annum. Sectoral growth rates of 3.1% for agriculture, 5.3% for industry, 6.3% for distributive services (i.e. transport and communication trade and tourism), and 8.2% for other services were achieved. But exports have recently been depressed, with sharp falls in 2002 as a result of a deterioration in the terms of trade, while food imports are rising.

I.3. The economic gains of recent years have been from a very low base and constitute recovery from the economic crisis which characterised the final years of the command economy. Reforms since 1991 have been a major contributor, including removal of prohibitions on the private sector, substantial devaluation, auctions for foreign exchange, removal of tariffs, and price liberalisation. While the beneficial effects were muted by the conflict with Eritrea (which slowed the momentum of the reforms, reduced investors’ confidence and led to substantial increases in defence expenditure) the end of hostilities offered the chance of recovery. Defence expenditure was reduced to 6.4% of GDP in 2001 from over 13% in 2000 and, while the external debt burden remains high (with the debt-to-export ratio forecast to rise from 150% in 2001 to 174% in 2004), it is expected to fall back to 150% in 2008.

Ethiopia: Key Indicators	2000/01	2001/02	2002/03
GDP (Birr million, current prices)	54,210	51,760	54,585
Inflation	-5.2	-7.2	15.1
Population (million)	62.8	67.2	68.6
Population growth rate (%)	n/a	2.2	2.1
Growth in real GDP (%)	7.7	1.2	-3.8
Total debt as percent of GDP	89	103	107
Life expectancy at birth (years)	42	42	42
Infant mortality (per 1,000 live births)	n/a	114	116
Female primary school completion (% of age group)	11.9	n/a	n/a

B. The Agricultural and Rural Sector

I.4. **Contribution to the Economy.** Agriculture provides over 50% of GDP, employs 80% of the economically active population and its dominance means that the performance of the sector is transmitted into the economy as a whole.⁶ But, despite the impressive growth in agriculture in the last decade, it has not been enough to allow it to play the major role in national development envisaged. Agricultural growth has been constrained by low growth in both land and labour productivity, partly as result of irregular rainfall, but also because of very low levels of investment.

⁶ In 2002, agriculture contributed 52% of GDP, industry & manufacturing 11%, and services 37%.

I.5. **Physical.** Some 66% of the total land area of 112 million ha is suitable for cultivation, but only 14% of it is cultivated. Most agricultural production is rainfed and, as a result of pronounced rainfall variability, use of fertiliser and improved seed is risky. Ethiopia's soils are generally fertile, but have undergone generations of nutrient mining because of the pressure on arable land. Fertiliser was first introduced into Ethiopia in 1971 and, because it has been seen as the principal way to address declining soil fertility and productivity, its use had expanded to almost 300,000 tons per year by 2000.

I.6. Only some 197,000 ha or 2% of cropland is irrigated. Of this, 86,000 ha are under gravity–fed small–scale irrigation, which comprises schemes developed by farmers as well as communal schemes of between 20 ha and 200 ha developed by government with the involvement of the beneficiary farmers. Large– and medium–scale irrigation schemes of over 3,000 ha, owned and operated by public enterprises, are concentrated in the Awash Valley, mainly in Oromiya and Afar Regions. The only large scheme outside this area is the 6,000 ha Fincha Sugar Estate in the Nile basin.

I.7. **Structure.** Agriculture in Ethiopia is dominated by smallholder farming. Farms are small and fragmented, with 89% of rural households having access to less than 2 ha of land, 64% to less than 1 ha, and 40% to less than 0.5 ha. There are some large commercial farms, although they contribute only about 2% of agricultural output (although those close to urban centres play a significant part in milk production). Those which are the remnants of the state farms created under the socialist regime are between 120,000 and 150,000 ha, while new entrants to commercial farming have holdings of around 2,000 ha.

I.8. All land is held in state ownership. Farmers have usufruct rights (conditional in some Regions on uninterrupted cultivation) which can be inherited, and there are arrangements for compensation for investments or land improvement in the event that land is recalled. There is, however, no land market and land sales are banned in order to prevent forced sales and/or heavy mortgaging, and subsequent widespread landlessness, in times of drought or other hardship. There is nonetheless extensive informal land rental.

I.9. The principal smallholder crops are wheat, maize, barley, teff and millet. Chat, a narcotic, is also widely grown and is an important source of income and a major export with significant growth at 25% per year by volume. Productivity in general is very variable, reflecting differences in agro–ecological conditions and rainfall irregularity (see table below).

Ethiopia: Agro–Climatic Zones				
Zone	Altitude (m)	Rainfall (mm/year)	Length of Growing Period (days)	Average Annual Temperature (°C)
Wurch	3,200 plus	900 – 2,200	211 – 365	>11.5
Dega	2,300 – 3,200	900 – 1,200	121 – 210	17.5/16.0 – 11.54
Weyna Dega	1,500 – 2,300	800 – 1,200	91 – 120	20.0 – 17.5/16.0
Kola	500 – 1,500	200 – 800	46 – 90	27.5 – 20.0
Berha	Under 500	Under 200	0 – 45	>27.5

I.10. Livestock is a key part of the rural economy and Ethiopia has the largest livestock population in Africa, with approximately 35 million cattle and 40 million small ruminants. In the arid and semi–arid lowlands, cattle, sheep, goats and camels are managed in migratory pastoral production systems. But rangeland areas are shrinking as a result of degradation and loss of land to cultivation. Livestock provide milk and meat which are, for most rural households, the principal sources of cash. They also provide draught power in the highlands and are a key farm asset, with cropping in many highland areas difficult without them.

I.11. Grain and pulse production is principally for consumption by the farming family and only 26% of grain and 37% of pulses by volume are marketed. The principal agricultural exports are coffee, pulses, cotton, leather, hides and skins, and high–value horticulture and floriculture for delivery by air to European markets. There is heavy export dependence on coffee (which, valued at nearly US\$162m in 2002/2003, constituted 40% of exports) and pulses, which together provide 60% of export revenues, with hides and skins providing a further 15%. Coffee export volumes have been rising at a rate of over 5% per year, although export earnings have fallen due to declining prices on world markets. Hides and skins export volumes have shown 10% annual growth.

I.12. There is continued reliance on food aid, which accounts for around one third of the traded grains and nearly 10% of the grains consumed. The MoARD is responsible for the *Disaster Prevention and Preparedness Commission*, which in turn manages the *Emergency Food Security Reserve* of over 400,000 tons of grain. This is a buffer stock, with draw–down rights for donors provided against pledges to replenish, thereby insuring against long procurement, shipping and distribution times.

I.13. **Institutions.** The *Ministry of Agriculture and Rural Development* (MoARD), which was created in 2004 from an amalgamation of the Ministry of Agriculture and the Ministry of Rural Development, has responsibility⁷ for promoting agricultural growth, land use policy, food security, research and extension, animal and plant health, forestry, fisheries, input & output marketing, market information, input certification and distribution, cooperatives, and product standards & grading. It also has responsibility for rural infrastructure, credit, small–scale irrigation and water harvesting. In addition, a number of ‘executive organs and public enterprises’ are accountable to the MoARD.⁸

I.14. Under Ethiopia’s federal structure, authority and responsibility for agriculture and rural development are substantially devolved to the regional and district (*woreda*) levels. The legal, fiscal and administrative reforms introduced in 2001 emphasise strengthening the *woredas* to deliver services. The system of block grants from the respective regional administration made on the basis of annual expenditure plans articulates this and, first introduced in 2001/02, provide unearmarked transfers for recurrent and development expenditure.

I.15. Inputs are mostly supplied by public organisations, although there is some private sector provision. The fertiliser market was opened to the private sector in 1996 but, despite a brief expansion of private merchants, supply is now entirely by the *Agricultural Inputs Supply Enterprise* (AISE) which sells mainly to cooperatives for onward sale or provision to farmers. Most seeds are supplied by the *Improved Seeds Enterprise*, a parastatal which provides certified seed for multiplication, although there are some 10–12 private suppliers. The coverage of both fertiliser and seed provision is, however, largely limited to accessible areas, with only 40% of farmers using fertiliser and 15% planting improved seed. Agrochemical provision is wholly in the private sector, but are used by very few smallholders.

I.16. Output marketing is dominated by cereals. Price liberalisation and the restructuring of the Agricultural Marketing Corporation into the *Ethiopian Grain Trading Enterprise* meant that grain

⁷ See Federal Negarit Gazeta of the Federal Democratic Republic of Ethiopia (2004). Proclamation no. 380/2004 *Reorganisation of the Executive Organs of the Federal Democratic Republic of Ethiopia/Amendment/Proclamation*. Addis Ababa, 13 January 2004.

⁸ These are the *Disaster Prevention and Preparedness Commission*, the *Cooperatives Commission*, the *Ethiopian Agricultural Research Organisation*, the *Institute of Biodiversity Conservation and Research*, the *Ethiopian Social Rehabilitation and Development Fund*, the *Ethiopian Rural Energy Development and Promotion Centre*, the *National Veterinary Institute*, the *Ethiopian Seeds Enterprise*, and the *Ethiopian Grain Trade Enterprise*.

marketing is now conducted by private traders and a parastatal. Private trader operations are typically small–scale, while the Ethiopian Grain Trading Enterprise has nationwide grain storage facilities for 170,000 tons, a fleet of trucks, and drying and fumigating capacity. Its principal task is grain procurement on behalf of government. Coffee marketing, which was previously controlled by the state, has also been opened to the private sector. Livestock marketing remaining in private sector throughout the socialist era, but has not developed significantly since then.

C. The Strategic Framework

(i) Government Objectives and Strategy

I.17. The *Sustainable Development and Poverty Reduction Programme* (SDPRP), adopted in 2002, provides the principal policy base for interventions in agricultural and rural development. Development objectives set out in the SDPRP are growth based on a free market economy, rural development, improved physical and human capital, deepening devolution, and empowering the poor. It gives focus to agriculture and rural development, and primacy to the welfare of the rural population. Key mechanisms in agriculture and rural development include:

- promoting high value agricultural products;
- broadening the agricultural technologies available to farmers, tailored to agro–ecological conditions;
- improving market infrastructure and information;
- developing credit institutions and marketing cooperatives;
- increased support to export–orientated manufacturing (including quality hides and skins, and leather);
- strengthening agricultural research, water harvesting and small scale irrigation;
- strengthening private sector growth as a means of achieving off–farm employment; and
- capacity building.

I.18. The SDPRP builds on the policy of *Agricultural development–led industrialisation* (ADLI), the long–term strategy for growth and development adopted in 1993. This sees strong bonds between agricultural and industrial development and focuses on the intensification of production, with the rationale that higher rural productivity will raise incomes and provide markets for urban–manufactured consumer products and inputs. It is also based on the view that increased rural income will mobilise savings for capital accumulation. Further, accelerated and sustainable growth in agriculture is seen as leading to increased quantity and quality of agro–industrial raw materials for emerging agro–industry. ADLI has six main elements:

- promotion of services cooperatives;
- technical and vocational education and training;
- development of rural microfinance institutions;
- delivery of smallholder extension through menu–based packages;
- land use planning and management; and
- development of rural roads.

I.19. The policy of ADLI is also the basis for policy and strategy for rural development as set out in *Rural Development Policies, Strategies and Instruments* (November 2001). This also concentrates on ‘development packages’ for different types of lands, improved marketing, stimulating private sector involvement in agriculture, improving rural infrastructure, and rural finance.

I.20. Both the SDPRP and the above policy incorporate goals for, and approaches to, food security. However, the *Coalition for Food Security* (CFS), endorsed in November 2003, defines policy and strategy for the 5–7 million chronically food insecure, who require food aid every year regardless of rainfall levels. Their needs arise for structural reasons, principally landlessness or very small landholding. The CFS is based on the predictability of their needs which, since they occur every year, can be addressed by a programmed approach and so will no longer be the subject of the emergency food aid. It envisages cash payments to food deficit households, which can either be made conditional (i.e. requiring in return work or other actions by the beneficiary) or unconditional, in cases where the beneficiary could not reasonably be expected to do anything in return. Cash payments are expected to stimulate the local economy and to mobilise domestic food surpluses to deficit areas.

I.21. There are, in addition, a number of other sectoral, sub–sectoral and cross–cutting policies and strategies which impact on the agriculture and rural sectors and complement the SDPRP. These comprise:

- *National Water Strategy 2002–2016* (Ministry of Water Resources): deriving from the Ethiopian Water Resources Management Policy, this provides for development of 260,000 ha in small– and large–scale irrigation schemes;
- *Nile Basin Initiative*: launched in 1999 and ratified by Ethiopia, Sudan and Egypt, this encompasses a 20–year water development and utilisation plan governing large–scale dam construction and irrigation, and environmental protection;
- *Conservation Strategy*: under the responsibility of the Environmental Protection Agency and approved in 1997, this includes provisions for sustainable forest management within an integrated resource management framework;
- *Five–year plan for on–farm soil and water conservation*: using rainwater harvesting and afforestation, 2.2 million ha are to be brought under soil and water conservation measures; and
- *Ethiopian Rural Travel and Transport Programme*: this forms part of the *Road Sector Development Programme* and embraces improved market access and off–take from rural areas, leading to increased marketing of production.

I.22. Underpinning the SDPRP in agriculture (and indeed in all sectors) is a programme of political and administrative decentralisation, linked to strengthening governance, democratisation and accountability. This involves devolution of power to the woreda level through transferring spending authority through the system of *block grants*. The woredas have substantial autonomy over the use of the funds, although with quarterly reporting required to Regional governments.

(ii) *Major Donor Strategies and Priorities*

I.23. *African Development Bank (ADB)*. The ADB’s lending strategy for Ethiopia, as set out in its 2003 *Country Strategy Paper*, focuses on the SDPRP, with interventions in agriculture and rural development, road transport, and water supply & sanitation. The indicative country allocation is

US\$125m, including up to US\$34m in grants. It has recently provided US\$84m in general budgetary support for implementation of the SDPRP.

I.24. The ADB will support small–scale irrigation, rainwater harvesting, sustainable environmental conservation and capacity development under the *Agricultural Sector Support Project*. Activities in small–scale irrigation involve development of 7,500 ha of irrigated area, while rainwater harvesting will address 24,000 households in providing backyard systems. The project will also focus on integrated ecosystem management, including the rehabilitation of degraded mountain and lowland areas. It plans also to support flood control and watershed management in the Awash river basin. The *National Livestock Development Project* is assisting livestock development in Tigray, Oromia and SNNPR through genetic improvement, development of backyard fodder and animal health measures, while the *National Fertiliser Sector Project* addresses soil fertility and conservation measures.

I.25. **European Union (EU).** The EU provides one of the largest programmes of grant assistance to Ethiopia.⁹ Assistance is focused on the SDPRP, with priorities in transport (€211m), food security (€54m), and macroeconomic support and capacity building for economic reform (€96m). Support is also provided under the food security budget line and the NGO co–financing facility, while the EC Humanitarian Organisation provides emergency assistance.¹⁰ Support is currently provided for sanitation and water supply (Addis Ababa), coffee improvement, development & rehabilitation of rural roads in Amhara, rehabilitation of the Kombolcha–Mille road, and food security in Tigray and Amhara.

I.26. The focus in transport will be on rural roads and access to agricultural production centres, with emphasis on encouraging functioning markets and opening–up isolated areas in order to allow economic, social and political integration, as well as rapid and cost effective delivery of humanitarian aid. Activities include road rehabilitation (Harrar–Jijiga and Mieso–Dire Dawa), support to strengthening the Ethiopian Road Administration, and assistance to transport policy implementation.

I.27. Support to food security is closely tied to the CFS and will emphasise replacing emergency food aid for the chronically food insecure. The EU will support measures for employment generation, providing cash– or food–for–work, increasing access to loan finance, capacity building in water supply and sanitation and watershed management, market development, and implementation of the *Rural Travel and Transport Programme*. The food security budget line will supplement resources available from the EDF.

I.28. The assistance to macroeconomic reform will be directed at implementation of the SDPRP and, in particular, at capacity building in public finance management, private sector development, trade liberalisation and regional economic integration.

I.29. **Food and Agriculture Organisation of the United Nations (FAO).** FAO is implementing support to the Livestock Marketing Authority, control of sorghum chaffer, cactus production and utilisation, rubber development, and strengthening the control & management of forest fires. Through Trust Funds, it is implementing support to farmer–based seed supply, improved nutrition, household food security and to veterinary certification and livestock quarantine. The *Special Programme for Food Security* provides improved agricultural extension packages to drought–prone moisture–deficit areas in Amhara and Tigray Regions. FAO also coordinates a programme for eradication of rinderpest in Africa, which started with activities in Ethiopia in 1997.

⁹ This provision is made under the 9th European Development Fund.

¹⁰ In addition, loans are provided by the European Investment Bank under the 4th Lomé Convention, although none (except that for textile production) is directly related to agriculture and rural development.

I.30. **International Fund for Agricultural Development (IFAD).** IFAD's *Country Strategic Opportunity Paper* focuses on the lack of access to reliable financial services by poor rural households. Support is currently being provided through loan financing (US\$25.7m) for financial intermediation, under which beneficiaries can access financial services from microfinance institutions or from rural savings and credit cooperatives (co–finance is provided by the ADB). The support provides for equity and/or credit funds, and developing a community banking structure.

I.31. IFAD is also co–financing (with the World Bank) pastoral community development in 30 woredas of Afar, Somali, Southern and Oromiya Regions (US\$60m). Additionally, assistance to 'sustainable livelihoods' projects is provided and includes community–based schemes for water collecting, small–scale irrigation, mobile health & education services, and health worker training. Planned future support will address grain and coffee marketing, including forward markets and market information systems.

I.32. **The World Bank.** The World Bank's 2003–2005 *Country Assistance Strategy (CAS)* for Ethiopia focuses on implementation of the SDPRP and provides, under IDA allocation, for up to US\$1.5bn, of which up to 40% is to be provided as grants. Assistance will focus on rural and private sector development, infrastructure, improving decentralised service delivery (especially in health, water and sanitation, and education), and reducing vulnerability. In addition, general budget support is to be provided for implementation of the SDPRP, underpinned by assistance to capacity building under the *Public Service Delivery Capacity Building Programme*. The programme objective is to build capacity for improved public service delivery at the federal, regional, and local levels by implementing civil service reforms, deepening district–level decentralization, improving urban management, and reinvigorating judicial institutions.

I.33. Food security forms a key focus of the World Bank's assistance and proposals for support to productive safety nets arrangements in accordance with the main thrust and mechanisms of the CFS are under preparation. This is being done in consultation not only with government, but also with other multilateral and bilateral donors who, it is expected, will assume part of costs of these measures under co–financing arrangements for the programme as whole. Potential actions in food security also address ways of reducing vulnerability to weather in low productivity regions, through better management of risks, including expansion of irrigation.

I.34. In accordance with the priorities of the CAS, the World Bank will provide assistance to rural development, focusing on increasing productivity, improving agricultural marketing (of inputs and outputs), modernising extension, and strengthening cooperatives. These measures will be encompassed in part within planned programme support to rural capacity building which is also currently under preparation and will aim principally at strengthening the capacity and efficiency of national and regional agricultural research and extension systems. Measures to improve marketing are linked to support for private sector development and export diversification.

I.35. The World Bank is currently providing loans for food security (US\$120m) and community–driven development for pastoralists (US\$60m), with the latter co–financed by IFAD. The *Pastoral Community Development Project* encompasses participatory disaster management aimed at reducing the vulnerability of pastoral communities to drought and other natural disasters. It seeks to improve livelihoods in the arid, and semi–arid Ethiopian lowlands by fostering income growth, access to public services, and facilitating better institutional, social, and environmental conditions. The main components are establishing decentralized, participatory planning procedures at the community level and building a community–based early warning system. Underpinning this is policy reform and community action–planning to improve health, education & veterinary services, and promote participatory research into dry–land agriculture and natural resource management.

I.36. **World Food Programme.** Support is provided under the *1998–2003 Country Programme* and provides for nearly 900,000 beneficiaries annually, through over 200,000 tonnes of food aid (valued at more than US\$100 million). The programme provides a safety net in food insecure areas, with linked activities in mapping vulnerability and improving education through school feeding.

I.37. **Austrian Development Cooperation.** Priorities for Austrian assistance are food security, health and energy to be programmed and delivered within the framework of the SDPRP. Support is currently provided to natural resource management and livestock development in North Amhara Region. Future assistance also will be provided in support of the CFS.

I.38. **Canadian International Development Agency (CIDA).** CIDA's programme focuses on food security, democracy and governance, in close alignment with the SDPRP. The food security programme involves improving water collection & conservation, strengthening famine early warning and disaster prevention systems, and increasing agricultural production in communities at risk. Assistance from CIDA will increase substantially over the next three years to C\$75m (equivalent to US\$55m) and will be used to support the productive safety net, rural capacity building, small-scale irrigation, maintaining soil fertility, and capacity building in the public service. Most assistance will be delivered through direct budgetary support. Ongoing initiatives include support to water harvesting in Tigray, institutional strengthening, and micronutrients and human health.

I.39. **France.** Priorities for French assistance are promoting export capabilities in meat and livestock. Support will also be provided to the implementation of the water sector strategy, specifically in the areas of irrigation, water supply and sanitation in rural and urban areas, and watershed management.

I.40. **German Development Cooperation (GTZ).** GTZ assistance of €65m over the period 2002–2004 is focused on food security, technical and vocational education and training, and capacity building in governance. Activities in food security will address measures to improve yields and promote soil and water conservation (including biological erosion control methods and improved soil tillage), participatory land use planning, social forestry, and diversification of agricultural production. Support in food security is currently concentrated in Oromiya, Tigray and Amhara.

I.41. Under support to governance, assistance is directed towards consolidating and strengthening the federal system to meet the challenges of decentralisation and to allow service delivery, including tasks in agriculture and rural development. The objective is enhancing the capacity of federal regional and local government, as well as civil society, through development of regional and urban development planning and financial management capability.

I.42. **Ireland Development Cooperation (DCI).** DCI support is governed by the *Country Strategy Paper 2002–2004* and, in 2004, was increased to €29m. Focusing on the SDPRP, it will provide assistance to rural development, improvement of physical & human capital, and empowerment. Support to food security is currently provided through the Tigray Food Security Coordination Office and an *Operational Research in Agriculture* programme. Support is also provided to the *Water Sector Development Plan* and assists community–managed water & sanitation programmes at woreda level. Assistance is provided to the *Rural Travel and Transport* as part of the integrated efforts to alleviate insecurity in inaccessible areas.

I.43. **Italian Cooperation.** Current support from Italy totals €43m. Future support will be directed to programme aid in health, education and roads. Ongoing initiatives comprise support to the *Arisi–Bale Rural Development Project* (phases 1 and 2) and to capacity building in support of activities under the *Public Service Delivery Capacity Building Programme*.

I.44. **Japanese International Cooperation Agency (JICA).** JICA support is currently provided to irrigation rehabilitation and development, developing planning capability in the MoARD, and assistance to agricultural research and extension. Future activities will include a study on potential and methods for groundwater development and water harvesting.

I.45. **Netherlands.** Priorities for Dutch assistance to Ethiopia are food security, health and education with an overarching commitment to work in support of the SDPRP and, specifically, capacity building and private sector development. Support is currently provided to area–based programmes in North Wollo and Kaffa Zone, with emphasis on improving marketing, business development, promoting value–added, and generation of off–farm incomes. These programmes aim also to strengthen government’s capacity for delivery of services, and local communities’ ability to negotiate with government. Assistance to the value of €23m will be provided annually over the next three years, with a substantial part to be used for continuation of ongoing programmes.

I.46. **Norway.** Norwegian assistance of approximately US\$24m is provided within the context of the SDPRP, principally in support of food security measures, but also for HIV/AIDS prevention. Assistance is also provided to governance and tertiary education, with emphasis on Master’s degree programmes and developing research capability. Norway has committed US\$14m to the Nile Basin Trust Fund in support of the *Nile Basin Initiative*.

I.47. **Swedish International Development Cooperation (SIDA).** SIDA’s current strategic plan covers the period 2004–2006 and provides for Birr 1.5 billion over this period (comprising Birr 1.2 bn for rural development with the remainder for civil society and private sector development, and budgetary support). The support is to be concentrated in rural areas with the aim of increasing agricultural output and expanding healthcare and education, with the focus of assistance to agriculture on combating land degradation through improved land management.

I.48. SIDA is currently providing support to the development of rural credit, use of improved seed, and extension in Amhara under the *Community Empowerment Programme*, which is in turn part of an integrated development programme. Tertiary education on forestry and land management is provided through inter–University linkages between Swedish universities and the University College in Wondo–Genet. SIDA provides financial support to NGOs working on environmental matters.

I.49. **United Kingdom Department for International Development (DFID).** The DFID *Country Assistance Plan* focuses on food security, education, and capacity building in government within the overall framework of the SDPRP. The bulk of the assistance is to be delivered through unearmarked direct budgetary support, with payments to be made to the Treasury under a multiyear programme. Food insecurity is a key aspect of the programme and DFID’s policy will be to support delivery of longer term solutions under the Coalition for Food Security. This will include measures to reduce the vulnerability of pastoralists and support for implementation of the government’s Rural Travel and Transport Programme as a way of reducing vulnerability in remote areas. Programme resources in the period 2003/04 to 2005/06 will be about £90m (or about US\$165), of which some £60m (US\$110m) will be direct budgetary support (with remainder for technical cooperation and project aid).

I.50. **United States Agency for International Development (USAID).** USAID’s long term goal is reduction of food insecurity and assistance focuses on agriculture, health, education, democratisation and disaster mitigation. Its food security programme focuses on agricultural technology, micro–enterprise development, business and cooperative development, pastoralism, reducing vulnerability and policy reform. In 2003, non–emergency assistance totalled US\$90m and was provided to support ongoing initiatives to reduce vulnerability and promote rural development in Amhara and the Southern Tier (which addresses vulnerable pastoralists in the southern lowlands of Somali and Oromiya). Under

support to the finance sector, there is provision for microfinance loan guarantees and support to financial decentralisation.

I.51. Approval of a new 5–year strategy for USAID support to Ethiopia is expected in the near future. Focusing on the SDPRP, this will provide support for tackling food insecurity, poverty reduction and promoting growth. Measures will emphasise health, nutrition, child survival, HIV/AIDS, democracy and governance and, as such, will build on USAID’s focus on enhancing food security by better food utilisation through nutrition, immunisation, family planning, and HIV/AIDS prevention and care. It will also provide support for the productive safety net aimed at the chronically food insecure.

(iii) Other Development Initiatives

I.52. Umbrella support for activities by NGOs is provided by the *Christian Relief and Development Association (CRDA)*, which represents 76 international and 140 local NGOs. Members’ current activities are focused on price stabilisation, land tenure, food security, creation of independent farmers’ organisations, development of rural towns, technology transfer, and promotion of urban agriculture. Future activities will address land and water management, advocacy in land tenure issues, and promotion of organic production.

(iv) Project and Programme Pipeline

I.53. Agreement on the importance of addressing the needs of the chronically food insecure in a planned way has culminated in the CFS, which is endorsed by donors and is at the forefront of the government’s actions in the medium term. From this, consensus has emerged on the need to provide so–called *productive safety nets* for the chronically food insecure and a programme is currently under preparation to be financed through earmarked budgetary support.

I.54. This programme, which has attracted support from the bilateral and multilateral donors (including the World Bank and the EU), will include short– and medium–term responses. The short term responses, aimed at taking the chronically insecure out of the emergency appeals process, will provide unconditional food and cash, or food–for–work and/or cash–for–work, but with an increased emphasis on cash transfers as a way of boosting the local economy and mobilising production from food surplus to food deficit areas. Medium term approaches will be consistent with the SDPRP in seeking to increase production through improved extension, tailored extension packages better suited to agro–ecological conditions, and provision and operation of farmer training centres.

I.55. This broader approach to rural development has underpinned the development of proposals for *rural capacity building*, which will address the provision and staffing of farmer training centres and improved extension for the country as a whole, and not just for the food insecure areas and population. It will include interventions to modernise the extension system and to make it demand– and knowledge–driven. This assistance is being encapsulated within a programme approach, again to be financing by several donors in concert through earmarked budgetary support.

I.56. Within the overall policy mix seen as necessary to increasing productivity, agricultural marketing has emerged as a key element. The goal of the agricultural marketing programme under preparation will be to improve the efficiency and functioning of rural markets, to reduce output marketing margins, and lower input costs. It will also aim to improve risk management to allow investments in human capital and inputs for raising productivity of agricultural producers and rural entrepreneurs. There would be number of commodity–specific initiatives:

- in *grains and other commodities* including coffee, there is a need for market intelligence systems; grades and standards; on–farm, off–farm and bulk storage; introduction of a warehouse receipts system as a basis for trading; and enforcement of contracts;
- *livestock marketing development* will encompass live animals, meat, dairy, and leather products, with measures in processing aimed at bringing substantial added value in the last two areas. There are requirements for a market information system; stock routes supported by water supplies, holding areas, animal health check–points and quarantine services; market infrastructure at major market centres; extension services in hides and skins aimed at quality improvement; and the introduction and enforcement of grades and standards; and
- *high value and non–traditional crops* offer untapped potential and include floriculture, horticulture, cotton and textile processing, sesame seeds, honey and beeswax, but will require specialised marketing channels and logistics (especially in the case of perishable produce). Quality improvement and management, and standardisation are also essential.

(v) **Conclusion**

I.57. The SDPRP has become the primary development programme for Ethiopia, providing a shared platform for government and donors to address poverty and food insecurity and, indeed, for reaching the Millennium Development Goals. *Virtually all donors are directing their assistance programmes at the implementation of the SDPRP* as the principal framework for dialogue, in which there are to be ‘mutual obligations and accountability’ to be backed by a common progress monitoring and reporting system. Donors’ priorities are almost universally defined within the scope of the SDPRP and, within this framework, all major donors focus on food security as a key objective. They also address the broader objective of rural development and specifically measures for increasing productivity while controlling or reducing land degradation.

I.58. In parallel, the government has requested that donors change the way in which assistance to agriculture and rural development (and indeed to other sectors) is programmed and delivered. Under the 2002 *Partnership for Enhanced Aid Delivery to Ethiopia*, *donors are encouraged to provide direct budgetary support* to be disbursed through the budgetary process, although the government recognises that sector– and project–based assistance will continue to be important. It is seeking *multi–year commitments* from donors with the aim of improving the planning and harmonisation of development cooperation and allowing a medium term perspective based on predictable aid flows. The aim of the switch to budgetary support is the reduction of the transaction costs of development assistance, avoiding the administrative and personnel demands associated with the project approach and, in this way, enhancing the significance of the budget as a development tool.

I.59. This change is affecting the design of donors’ programmes as they respond in providing *unearmarked general budgetary support or earmarked contributions*. The latter form the backbone of the project and programme pipeline and the main thrust of actions to implement the SDPRP in agriculture and rural development and, indeed, the associated interventions under the CFS. These policies provide the mutually agreed environment for the assistance, with related *agreements on the desired policy outcomes* to be measured and reported under the monitoring, evaluation and reporting system on the SDPRP.

I.60. The extent and cost of the proposed programmes means that it has been necessary to bring together donors in support of the proposed programmes and, in turn, to obtain their commitment to providing part of the funding (whether as fully–fungible budget support or earmarked contributions to

particular budget lines). This has the effect of strengthening donor coordination since they provide support in concert for the programme as a whole.

I.61. The proposed actions in agriculture and rural development coincide closely with the CAADP pillars¹¹ and there are no areas of central concern which fall outside the pillars. This congruence has been sharpened by the creation of the new Ministry of Agriculture and Rural Development which, in practice, has responsibility for all actions encompassed by the CAADP pillars.

II. CONSTRAINTS AND OPPORTUNITIES

II.1. **Macroeconomic.** The degree to which funding can be mobilised for implementation of the SDPRP will be a key determinant of progress. Two expenditure scenarios exist, with the more costly assuming faster growth, more external borrowing and a wider fiscal deficit than under the International Monetary Fund's *Poverty Reduction and Growth Facility*. The lower expenditure scenario would involve postponing initiatives.

II.2. Overall, the macroeconomic programme underlying implementation of the SDPRP is challenging, particularly the assumption of 7.5% annual growth in agriculture, the planned growth in tax revenues and reduction of the budget deficit to 6.7% of GDP by 2004/05, while containing inflation and building foreign currency reserves. The scope for Ethiopia to borrow externally to finance implementation of the SDPRP is constrained by the *Heavily Indebted Poor Countries Debt Sustainability Criterion* and so borrowing would have to be supported by export growth. But exports, which are dominated by coffee (which has seen worldwide price falls), remain low and, in per capita terms, are almost the lowest in the world at 10% of the sub-Saharan average. In these circumstances there is a strong case for reliance on grant aid to fund public expenditure for implementation of the SDPRP.

II.3. **Natural Resource/Environmental.** The long term future of Ethiopian agriculture is threatened by land degradation resulting from erosion, with the most severe problems in the highlands. The rural population, and hence the great majority of the poor, are heavily dependent on natural resources for their livelihoods. But new households are often forced to farm marginal land, often on steep slopes, with the consequent threat of soil erosion. Deforestation (caused by shifting cultivation, increasing livestock numbers and increased demand for fuel-wood), overgrazing, inappropriate cultivation methods and disruption of the water cycle have all contributed to land degradation, which if not checked and reversed, will lead to major loss of soil, productivity and cultivable land.

II.4. There is a large and unexploited irrigation potential. Total area under irrigation is estimated to be 197,000 ha,¹² representing less than 30% of the most conservative estimate of potential, and less than 3% of the arable area. Development of irrigation has slowed and, despite expansion of new areas, some 40,000 ha on large and medium-scale schemes has been abandoned because of lack of maintenance and/or provision for rehabilitation. Food deficits cannot be met through rainfed production alone and further expansion of irrigation is essential in reducing vulnerability and increasing marketed surplus, provided financially feasible approaches can be adopted.

¹¹ See *Preface*.

¹² Ministry of Water Resources: *Water Sector Development Programme, Sector Review Report*, February 2001

II.5. Control and utilisation of rainwater around farmers' plots is a high priority. Water harvesting could reduce the time spent by women and children in collecting water, improve nutritional status by allowing vegetable production, and permit general agricultural diversification and expansion by the farming household. The technology is labour intensive with most of the work to be done by the farmers themselves by constructing catchments for channelling water into underground tanks for domestic or irrigation use. There are, however, questions about financial and economic feasibility.

II.6. **Rural Infrastructure.** Rural access roads are important in output marketing and support for their development is a key part of the *Rural Travel and Transport Programme*. Bringing crops to market is constrained by a road network whose coverage, at 29 km per 1,000 km², is amongst the lowest in Africa. Many productive areas are distant from all-weather roads (75% of the rural population lives more than half-a-day from a road), making bringing output to market difficult and expensive and forcing farmers to resort to inefficient forms of transport. This is particularly important when there is poor rainfall, since moving output from food-surplus to food-deficit areas is difficult.

II.7. **Agricultural Production.** Developing the wider rural economy is clearly an imperative, given that most poor people in Ethiopia are smallholder farmers who depend on subsistence agriculture. The modest growth in food production over the last decade has been from increases in the cropped areas and from widespread provision of extension packages to smallholder farmers in rainfed areas, although the latter has not realised in full the growth that was expected. The SDPRP recognises that demand-side initiatives and regional variations are also important.

II.8. Upgraded technical and vocational skills are seen as essential to this process and this is to be done through the *Technical Vocational Education and Training (TVET)* programme, which will involve training extension workers, farmers and community entrepreneurs. Extension will be reoriented to demand driven agro-ecology based packages, with extension workers to be deployed to the new farmer training centres. These will become the focal point for community training, extension and information.

II.9. Output marketing systems require reform and development, and market linkages are weak. Feeder and access roads, farmer organisations, cooperatives and traders are poorly developed resulting in low prices to farmers for marketed surplus. Market infrastructure is poor, there are no agreed standards and no forwards market. Lack of storage means that most farmers are forced to sell immediately after harvest when prices are lowest in order to repay loans and to obtain cash. Wholesale and retail markets in urban areas (including in Addis Ababa) are poorly developed, partly because of inadequate infrastructure and the lack of market information systems.

II.10. Input markets, which are principally for fertiliser and seeds (with smaller markets for agrochemicals, agricultural implements and livestock inputs) are also inefficient. Fertiliser markets are constrained by the paucity of suppliers and the consequent lack of competition. This results from barriers to market entry caused by the difficulty of obtaining loans for fertiliser imports from the commercial banks and the monopoly of some regional suppliers.

II.11. **Livestock Production.** Efforts at pastoral development, including range improvement, provision of water, veterinary services and human resource development in this area have not yielded in full the results expected. The constraints in pastoral areas are erratic rainfall, poor animal husbandry and animal health, and weak institutional support. Livestock is important to the rural economy, both as a source of food and cash, and because of the export potential from leather, hides and skins. But it remains a comparatively unexploited resource and the livestock import ban by Saudi Arabia and other Gulf States on animals from the east of the country remains a serious constraint.

II.12. **Institutions.** The amalgamation of the Ministry of Agriculture and the Ministry of Rural Development into the new Ministry of Agriculture and Rural Development will be beneficial in providing a coherent and coordinated approach to the development of the sector. The previous separation of tasks was artificial and the new arrangement is potentially highly advantageous.

II.13. **Conclusions.** The MoARD has prioritised areas under the SDPRP in agriculture and rural development as being input and output marketing; research, extension and technology transfer; technical and vocational education and training; rural infrastructure (especially the rural transport system); cooperative development; rural credit and water harvesting. But the breadth of the priority areas makes assumptions about the level of funding available and growth rates in agriculture. If these assumptions do not hold or if substantial development assistance cannot be obtained, there will need to be further prioritisation.

III. INVESTMENT PROGRAMME OUTLINE

A. Priority Setting

III.1. The investment programme derives from the *Sustainable Development and Poverty Reduction Programme* and the *Coalition for Food Security* which, together with the underlying policy of *agricultural–development led industrialisation*, provide the strategic basis for agricultural and rural development in Ethiopia.

III.2. In accordance with this strategic framework, the programme outlined below identifies priorities within the integrated framework set out in the *pillars* defined in the 2003 African Union/NEPAD *Comprehensive Africa Agriculture Development Programme* (CAADP).¹³ CAADP aims at restoring agricultural growth, rural development and food security and, in doing so, seeks to implement recommendations on food security, poverty reduction and sustainable use of natural resources reached at key international conferences.

III.3. The government's strategic framework provides in practice for actions under all of the CAADP pillars, as follows:

III.4. **Pillar #1: Expansion of area under sustainable land management and reliable water control systems.**

- *Rainwater harvesting* is a top priority and involves capturing and storing rainwater and surface runoff in underground tanks and ponds at household level for domestic and irrigation use. A target of 360,000 structures has been set and provision is made in the SDPRP for the costs involved. Further technical studies are required for investigation of technical, financial and economic feasibility, as well as maintenance requirements, simple diversion technology, sedimentation control, and low–cost ways of lifting water from storage tanks.
- *Resettlement*, both spontaneous and planned, has been a key element in Ethiopian agriculture, but involves significant infrastructure development, in roads, water, electricity supply, as well as in education and health. Under the SDPRP, all resettlement is to be voluntary and *within*, rather than *between*, regions in order to prevent ethnic

¹³ African Union/New Partnership for Africa's Development. *Comprehensive Africa Agriculture Development Programme*. July 2003. See also *Preface*.

conflict. The target regions are Tigray, Amhara, Oromiya and SNNP and involve the resettlement of some 168,000 households.

- *Small-scale irrigation* can contribute to food security and reduce dependence on food aid, although there are difficulties in ensuring financial and economic viability in irrigated production of staple crops, with the best chances of achieving this through schemes developed by farmers themselves. There are considerable opportunities for expansion of irrigation within a river basin approach. Thus, with total annual run-off amounting to 122 billion m³, it has been estimated that its irrigation potential is anything from 670,000 ha up to 2.6 million ha, if potential command areas requiring water to be conveyed long distances are included. New approaches to operation, maintenance and rehabilitation provisions will also be needed including, ultimately, water charges. There will also need to be provision for drainage (in order to control malaria) and for rehabilitation and maintenance of existing schemes.
- *Land degradation*. Given the threat posed to cultivable land from erosion and the ensuing land degradation, this is a priority for government. Measures will address cultivation methods, overgrazing and deforestation.

III.5. **Pillar #2: Improvement of rural infrastructure and trade-related capabilities for improved market access.**

- *Rural roads*. The emphasis on rural road development under the *Road Sector Development Programme* and the *Rural Travel and Transport* sub-programme will involve major investments aimed in part at market development. This will emphasise the development of access and feeder roads, with the aim of opening up inaccessible areas to allow mobilisation of food surpluses and rapid deployment of emergency assistance. An objective is to increase road density from the current 29 km/1,000 km² and 0.48 km/1,000 people to 47 km/1,000 km² and 0.70 km/1,000 people by the end of 2004/05. The *Rural Travel and Transport* sub-programme will involve construction of low-level rural roads; provision and expansion of conventional and intermediate means of transport; and expansion and optimization of facilities and schemes to raise household income levels.
- *Marketing and market development* will encompass measures aimed at stimulating demand since low level of incomes, particularly in food deficit areas which are the natural target for surplus production, are a critical constraint on market development. The planned actions are complementary to the planned productive safety net programme. Activities will focus on generation of non-farm incomes and revised approaches to food aid by switching to cash-for-work. In grains and other commodities, actions will be commodity-specific.
- *Cooperatives* offer advantages to farmers in procuring inputs, marketing output, storage, and the delivery of financial services. But for them to compete with parastatal organisations and the private sector they require capacity and capability to trade, which in turn requires business skills. They also need access to infrastructure, including cold and bulk storage facilities. Few have these skills or facilities at present.

III.6. Pillar #3: Enhancement of food supply and reduction of hunger (including emphasis on emergencies and disasters that require food and agricultural responses).

- *Productive safety nets* will provide the mechanisms for addressing the needs of the chronically food insecure population which, for structural reasons, requires assistance every year regardless of rainfall. Interventions will involve planned food and cash transfers, and medium term measures aimed at raising food production and off–farm income, and improving health, sanitation and water provision.
- *Extension.* Development and strengthening of extension is a key element of the SDPRP and is to be supported by menu–based extension packages to enhance farmers’ choice of technology, TVET (with a target of 130,000 students by 2004/05), establishing an institute of diploma–level training extension agents, and the construction and staffing of Farmer Training Centres. This devolution of responsibility for extension to the woreda level forms a part of the government’s decentralisation programme.
- *Rural credit.* All parts of agriculture, including producers, input suppliers and those involved in output marketing, have difficulties in obtaining bank credit. The commercial banks are unwilling to lend because of the risks involved, small loan size, the absence of marketable collateral, and lack of a rural branch network. There are unexploited opportunities for offering credit to, and through, cooperatives and to groups which take responsibility, jointly and severally, for repayment.

III.7. Pillar #4: Development of agricultural research, technological dissemination and adoption to sustain long–term productivity growth.

- *Research and extension linkages.* The importance of research is acknowledged, and the emphasis will be on adapting findings from international research institutions to Ethiopia’s conditions. Extensive development of packages tailored to agro–ecological conditions is also required.

III.8. Pillar #5: Livestock and forestry.

- *Enabling livestock trade.* Livestock development in Ethiopia is hampered by constraints on exports and, specifically, the ban on imports imposed by the Gulf States because of fears about rift valley fever. The challenge is to establish a disease–control and regulatory environment such that trade can be re–opened to the Gulf States and developed elsewhere.

B. Programme and Project Selection Criteria

III.9. The *principal selection criterion* used in the identification of the above investment programme priorities is *government priority as defined in the SDPRP and/or the CFS*. In the context of identified priorities, specific “bankable”¹⁴ projects and programmes were consequently selected in accordance with the following additional criteria:

- *Technical feasibility and sustainability.* This is the crucial test of whether the proposal makes technical sense and can be seen as sustainable in terms of resource utilization. Examples of previous projects or programmes in similar areas, which have proved their technical viability, are useful indicators in this respect.

¹⁴ See Preface.

- **Financial and economic feasibility.** At the early stage of project identification, it is difficult to obtain more than a broad idea of the financial and economic viability, but enough information should be included to justify continuation of the preparation process.
- **Extent of development of programme proposals.** Programme proposals that are already at an advanced stage development will be regarded as the first priorities, with a view to finalising proposals and obtaining full financing for their implementation.
- **Contribution to strengthening decentralisation.** The extent to which proposed projects and programmes are consistent with, and support, the decentralisation process will influence their selection.

C. Identification of Programmes and Projects for Development with FAO Assistance

III.10. Based on the above criteria, the following five projects were selected for development (they are presented in separate documents):

- **Water harvesting and small–scale irrigation.** This national programme will embrace cost–effective water harvesting and small–scale irrigation schemes and small river diversions, complemented with natural resource conservation, credit and advisory services.
- **Research and extension.**¹⁵ Crop and livestock productivity in Ethiopia is extremely low and is linked to limited research and extension capabilities. There has been recent emphasis on strengthening agricultural research, and considerable efforts are being made to improve and intensify the extension services through capacity building and promotion of agricultural TVET. But research and extension services are still to be properly integrated and there is insufficient attention to pastoral areas. The programme embraces development of market–based research and effective extension services, with research outputs and extension services to be demand driven, participatory and cost–effective. It will also embrace disease– & drought–resistance, and high value crops with high productivity.
- **Agricultural marketing, rural finance & cooperative development.** The programme aims to strengthen and scale–up the cooperative movement and cooperatives’ role in rural financial markets and agricultural marketing. Expectations of cooperatives are high and they are variously expected to take on roles in agricultural marketing, technology transfer, agro–processing, savings mobilisation, and as intermediaries between banks and smallholders. In order to do this they need to develop capacity, in both software (skilled personnel) and hardware (principally warehouses and transport facilities). Traditional informal financial institutions have limited capacities, while formal financial institutions are unwilling to provide financial services to smallholders. More recently, microfinance intuitions have started to fill the gap by providing rural financial services without collateral. But their capacity and coverage is limited. In parallel, rural savings and credit cooperatives are beginning to emerge and some cooperative banks are also in a formative stage. There are thus opportunities for the cooperatives to take a facilitating role in

¹⁵ Eventually developed into two separate BIPPs: *Client-oriented Agricultural Research for Development* and *Agricultural Marketing Improvement Programme 2 (AMIP 2)*.

financial intermediation in markets where banks are unwilling to lend directly and where microfinance institution penetration is limited or non-existent.

- ***Animal disease control for export.*** Applying internationally-accepted regulatory procedures is essential to enable Ethiopia's export of livestock animal and, specifically, to obtain reversal of the import ban imposed by some Gulf States. The programme will introduce control and certification procedures for live animal exports and will thus provide the regulatory environment in order that Ethiopia can comply with international trade standards.

IV. FINANCING GAP

IV.1. In the Maputo Declaration of July 2003, the Heads of Governments of the African Union (AU) made commitments to increase budgetary allocations to the agriculture and rural development sector so that the share of national budgetary resources reached 10% by 2007/08. The budgetary allocation is defined as the *amount of the total national budget (including domestically-funded, hard and soft loan funded, and grant-funded resources) allocated to agriculture and rural development.*

IV.2. This depends on the definition and boundaries of agriculture & rural development. In Ethiopia's case, the concentration of the population in rural areas means that a wide range of actions can be defined as rural development. However, only agriculture and agriculture-related rural development are encompassed by the CAADP and hence the eligible expenditure has been confined to the areas under the remit of the MoARD. In practice, this is facilitated by the high degree of congruence between the CAADP pillars (which are the broad groupings of actions under the CAADP) and the MoARD's remit.

IV.3. Two scenarios are presented. Both assume a nominal 10% annual increase in the total value of the budget for Ethiopia from 2004/05 onwards, reflecting the forecast 7% real annual growth in GDP, together with 3% inflation. They also assume a nominal 10.5% annual increase in the cost of the agriculture & rural development programme from 2004/05 onwards, reflecting target real annual agricultural growth of 7.5% as indicated in the SDPRP. Both scenarios are in current prices.

IV.4. The sole difference between the scenarios is the rate of increase (from 2004/05 onwards) in the funding available for agriculture & rural development. The rate of increase in scenario 1 is based on historical trends in the years prior to the start of planned expenditure on the SDPRP. This suggests an approximate 15% nominal annual increase while, under scenario 2, a more pessimistic assumption of nominal 10% annual growth is employed.

IV.5. On the basis of these calculations, *Ethiopia already makes budgetary allocations to rural development considerably in excess of the Maputo Commitment.* Indeed, under the assumptions employed, the proportion of the budget allocated would rise to between 23% and 26% by 2007/08. This planned commitment reflects, to a large extent, the prominence of agriculture and rural development in the SDPRP and the planned expenditures associated with the CFS.

IV.6. There is, nonetheless, a substantial financing gap between the projected financial requirements for the agriculture and rural development programme and projected expenditure. The scale of the financing gap of course depends in part on assumptions about the rate of increase in expenditure on agriculture and rural development. This depends, in turn, on the provisions made by donor organisations and, specifically, whether the donors' response to the SDPRP and the CFS corresponds to the increase assumed.

NEPAD – Comprehensive Africa Agriculture Development Programme
Ethiopia: National Medium–Term Investment Programme (NMTIP)

Ethiopia: Agricultural Financing Gap

Scenario 1:

10% projected growth in national budget
 10.5% projected annual increase in cost of agricultural and rural development programme
 15% projected annual increase in funding

	Current prices (Birr million)							
	Actual				Projected			
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Total budget	18,469	17,496	20,221	22,251	24,476	26,924	29,616	32,578
Expenditure on agriculture and rural development	1,637	1,996	2,653	3,930	5,514	6,341	7,292	8,385
<i>Expenditure on Ag. & RD as% of budget</i>	<i>9</i>	<i>11</i>	<i>13</i>	<i>18</i>	<i>23</i>	<i>24</i>	<i>25</i>	<i>26</i>
Ag. & RD programme requirements	2,008	2,007	4,062	9,666	9,517	10,517	11,621	12,841
Financing gap	371	11	1,409	5,736	4,003	4,176	4,329	4,456

Scenario 2:

10% projected growth in national budget
 10.5% projected annual increase in cost of agricultural and rural development programme
 10% projected annual increase in funding

	Current prices (Birr million)							
	Actual				Projected			
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Total budget	18,469	17,496	20,221	22,251	24,476	26,924	29,616	32,578
Expenditure on agriculture and rural development	1,637	1,996	2,653	3,930	5,514	6,093	6,732	7,439
<i>Expenditure on Ag. & RD as% of budget</i>	<i>9</i>	<i>11</i>	<i>13</i>	<i>18</i>	<i>23</i>	<i>23</i>	<i>23</i>	<i>23</i>
Ag. & RD programme requirements	2,008	2,007	4,062	9,666	9,517	10,517	11,621	12,841
Financing gap	371	11	1,409	5,736	4,003	4,424	4,889	5,402

Ethiopia: Breakdown of Agriculture & RD Programme Requirements and Expenditure

<i>(Birr million)</i>	2000/01	2001/02	2002/03	2003/04	2004/05
Agriculture and rural development programme requirements					
1. Agriculture and natural resources	2,008	2,007	3,190.1	3,618.4	3,120.2
2. Irrigation and water			598	949	1,048
3. Rural Travel and Transport			273.4	506.8	757.5
4. Food security				4,591.6	4,591.6
Total programme requirements	2,008	2,007	4,062	9,666	9,517
Expenditure (actual)					
5. Agriculture and natural resources	1,637	1,995	1,793	2,063	2,532
6. Irrigation			424	491	530
7. Rural Travel and Transport			287	376	452
8. Food security			150	1,000	2,000
Total expenditure	1,637	1,995	2,653	3,930	5,514

Notes on the above breakdown:

Programme requirements

- | | |
|-----------------------------------|---|
| Agriculture and natural resources | <ul style="list-style-type: none"> Budget allocation for 2000/01 and 2001/02 as specified in the 8th World Bank Public Expenditure Review. Budget allocation for 2002/03, 2003/04 and 2004/05 as stated in the SDPRP (p.143, table 12.1). |
| Irrigation and water | <ul style="list-style-type: none"> No data obtained for 2000/01 and 2001/02. Budget allocation for 2002/03, 2003/04 and 2004/05 as stated in the SDPRP (p.87, table 7.5). Includes the cost of irrigation, drainage, water resource management and 50% of the cost of capacity building and general service provision. This accounts on average for 38% of the total cost of the actions under the SDPRP for the water sector. |

Notes on the above breakdown:	
Rural travel and transport	<ul style="list-style-type: none"> • No data obtained for 2000/01 and 2001/02. • Includes only the costs of <i>Rural Travel and Transport</i> sub-programme. This accounts for, respectively, 7.7% of total programme costs in 2002/03, 11% in 2003/04, and 13.5% in 2004/05. These proportions have been averaged to 11%.
Food security	<ul style="list-style-type: none"> • No data obtained for 2000/01 and 2002/03. • Includes the costs of the <i>Coalition for Food Security</i>, without provisions for resettlement, health, nutrition and water supply and sanitation.
Expenditure	
Agriculture and natural resources	<ul style="list-style-type: none"> • Source: MoFED (2000/01 to 2003/04). Data for 2003/04 is an estimate based on the actual figures for the first 6 months. • 2004/05 figures are from the SDPRP.
Irrigation and water	<ul style="list-style-type: none"> • Represents 38% of the expenditure forecast for water in the SDPRP (p.147, table 12.5).
Rural travel and transport	<ul style="list-style-type: none"> • Represents 11% of the expenditure forecast for roads in the SDPRP.
Food security	<ul style="list-style-type: none"> • No data obtained for 2000/01 and 2001/02. • 2002/03 onwards: source – MoFED.

V. MONITORING AND EVALUATION

V.1. A general format for reporting use of funds to donors is under preparation and will be linked to agreed performance indicators, which will themselves be linked to the goals set out in the SDPRP. This will be based on a reorientation of existing monitoring and evaluation systems and will provide for an annual status report on progress in implementation of the SDPRP. This format, and the component indicators, will form the basis for the monitoring and evaluation of the NMTIP.

V.2. The monitoring indicators for agriculture and rural development, and 2005 targets as set out in the SDPRP are:

- Number of farming households covered by extension programme (status 2000/01: 4 million; 2005 target: 6 million);
- Number of trainees in agricultural TVET (12,400; 519,008);
- Quantity of fertiliser used (279,602 tons; 1.4m tons);
- Quantity of improved seed used (2005 target: 944,313 quintals);
- New cooperatives established (2005 target: 1,639);
- Road network increased from 29 km per 1,000 km² in 2000/2001 to 47 km per 1,000 km² in 2005;
- Percentage of population below poverty line (2000/01: 41.9%; 2005: 38%);
- Development of micro and rural credit and increased access to financial services for smallholders, entrepreneurs and traders (2003/04: Birr 78.6 m provided as lines of credit MFIs; 2004/05 Birr 85 m);
- Increased rural incomes and agricultural production (2004/05 target: 7%);
- Increase number of regions that enact and endorse land tenure security system (2004/05: 2 additional regions);
- Percentage of extension staff with no responsibility for delivery of inputs and credit administration (2003/04: 70% and 20%; 2004/05: 85% and 30%);

- Number of Farmer Training Centres established each year (2003/04: 8,721; 2004/05: 6,000);
- Share of annual fertiliser sales with regional government guarantees (2003/04: shared reduced to 100,000; 2004/05: phased out);
- Number of farmers adopting tested technologies: (2003/04: 3.8 million; 2004/05: 6 million);
- Percentage of women farmers reached by extension agents (2003/04: 2.5%; 2004/05: 15%);
- Number of dealers trained in agricultural marketing (2004/05: 130);
- Agricultural cooperatives fully restructured or newly established under the terms and conditions of the Cooperative Law (2003/04: 400; 2004/05 500);
- Proportion of cooperatives strengthened through training to access bank credit and provide better fertiliser marketing services to their members (2003/04: 60%; 2004/05: 80%); and
- Number of predictable food insecure population benefiting from the Food Security Programme’s multiannual safety nets (2003/04: 1.5 million; 2004/05: 3 million).

ANNEXES

Annex 1: Linkages to CAADP

Annex 2: List of References

Annex 1: Linkages to CAADP

A. Government Investment Programme

Sector/Policy/Activity	Potential Relevance to CAADP Pillars				
	1	2	3	4	5
Agriculture and Livestock					
Strengthening Agricultural Research and Extension:				X	
• Promotion of market-oriented agricultural production		X		X	
• Broadening the agricultural technologies available to farmers, tailored to agro-ecological conditions				X	
• Promotion of technical and vocational education and training				X	
• Delivery of smallholder extension through menu-based packages				X	
• Increasing production through improved extension, tailored extension packages better suited to agro-ecological conditions		X		X	
• Provisions and operations of farmer training centres				X	X
• Supply of agricultural implements and post-harvest technology			X	X	
• Promotion of commercialization of agricultural production		X	X	X	X
• Capacity building: provision and staffing of farmer training centres and improved extension for the country as a whole, and intervention to modernize the extension system and to make it demand-driven				X	
Enhancing Food Security:			X		
• Promotion of integrated food security measures through the Coalition for Food Security Programme			X		
• Self-sufficiency in food production			X		
• Expansion of cultivated land and increasing productivity			X		
• Voluntary settlement scheme	X		X		
• Promote water harvesting and small scale irrigation	X		X		
• Promotion of non-farming activities			X		
• Provision of productive safety nets for the chronically food insecure			X		
Livestock and Fisheries Development:		X	X		
• Increase livestock production through improved breeds, fodder production and veterinary services and access to water			X		X
• Promote pastoralism and agro-pastoralism		X	X		X
• Develop inland fisheries		X	X		
Agricultural Marketing:		X			
• Improving market infrastructure and information		X			
• Improving the efficiency and functioning of rural markets		X			
• Improvement of inputs market		X			
• Reducing output marketing margins and lower input costs		X			
• Improving risk management		X			
• Promoting agro-processing		X			X
• Promoting high value agricultural products (crop and livestock)		X			X
• Promotion of non-traditional agricultural export commodities		X			
• Promotion of commercialization of agricultural production		X			
<i>Commodity-specific initiatives:</i>					
– <u>Coffee, grains and other commodities:</u> market intelligence system; grades and standards; on-farm, off-farm and bulk storage; introduction of warehouse receipt system as a basis for trading; and, enforcement of contracts		X			
– <u>Livestock marketing development</u> will encompass live animals, meat, dairy, and leather products, with measures in processing aimed at bringing substantial value added. The requirements include: market information system; stock routes with necessary facilities; market infrastructure at major market centres; extension services in hides and skins; and, introduction and enforcement of grades and standards		X			X

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Sector/Policy/Activity	Potential Relevance to CAADP Pillars				
	1	2	3	4	5
– High value and non–traditional crops include floriculture, horticulture, cotton and textile processing, sesame seeds, honey and beeswax. These will require specialized marketing channels and logistics. They also require quality improvement & management and standardization		X			
Rural Roads:		X			
Development of rural roads: the <i>Ethiopian Rural Travel and Transport Programme</i> is part of the road sector programme and embraces improved market access and off–take from rural areas, leading to increased marketing of production		X			
Agricultural Marketing Cooperatives:		X			
• Strengthening cooperatives role in agricultural inputs and outputs marketing through improving their infrastructure (storage and transport)		X			
• Promote cooperative linkages with export market		X			
• Promote linkages between coops and the private sector		X			
Rural Finance:		X	X		
• Strengthening rural financial services for cooperatives and the private sector (individual and groups) through:		X	X		
– Promotion of SACCOs					
– Promotion of MFIs					
– Promotion of informal traditional financial institutions					
– Promotion of participation of formal financial institutions					
– Promotion of competitive rural financial services					
Private Sector:		X	X		
• Promotion of participation of the private sector in agricultural production and marketing		X	X		
• Promotion of outgrowers scheme		X			
• Promote linkages between coops and the private sector		X			
• Strengthening private sector as a means of achieving off–farm employment		X	X		
• Strengthening governance, democratization and accountability. This involves devolution of power to the woreda level through transferring spending authority through the system of block grants					
Rural Water					
Strengthening water harvesting and small scale irrigation	X				
Water resource management policy	X				
National water development strategy (2002–2016) for development of 260,000 ha in small– and large–scale irrigation schemes	X				
<i>Nile Basin Initiative</i> (ratified by Ethiopia, Sudan and Egypt): a 20–year development and utilization plan governing large–scale dam construction and irrigation	X				
Land Resources					
Land use planning and management	X				
Promotion of development packages for different types of land	X				
Five–year plan for on–farm soil and water conservation using rainwater harvesting and afforestation, 2.2 m ha are to be brought under soil and water conservation measures	X				
Promotion of conservation–based integrated agricultural development	X				
Voluntary settlement scheme	X		X		
Develop land tenure security	X				
Environment					
<i>Nile Basin Initiative</i> environmental protection	X				
Conservation strategy (under the responsibility of the Environmental Protection Agency), including provisions for sustainable forest management within an integrated resource management framework	X				

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B. Activities/Interest of Major Donors

Donor	Area of Interest/Project	Potential Relevance to CAADP Pillars				
		1	2	3	4	5
World Bank	Country strategy assistance focusing on implementation of the SDPRP, specifically:					
	• Infrastructure development		X			
	• Improving decentralized service delivery					X
	• Reducing vulnerability			X		
	• Rural capacity building				X	
	• Support to productive safety net			X		
	• Expansion of irrigation	X		X		
	• Increasing productivity		X	X		
	• Building public service delivery capacity					X
	• Improving agricultural marketing (inputs and outputs)		X			
	• Support for private sector development and export diversification		X			
	• Developing better management of risks		X	X		X
	• Modernizing extension				X	
	• Strengthening cooperatives		X	X		
• Pastoral community development (lowland regions)	X	X	X		X	
African Development Bank	Focus of interventions on SDPRP (agricultural and rural development), specifically:					
	• Support to small-scale irrigation rain water harvesting	X				
	• Improving road transport		X			
	• Intervention in water and supply sanitation					X
	• Sustainable environmental conservation	X				
	• Capacity development under agricultural support project					X
	• Integrated eco-system management	X				
	• Flood control and watershed management	X				
IFAD	<i>Rural Financial Intermediation Programme</i> for MFIs and SACCOs (US\$25.7m)		X	X		X
	<i>Pastoral Community Development Project</i> (US\$59.96m)	X	X	X		X
	Assistance to sustainable livelihoods projects (includes community-based water collection schemes and small scale irrigation)	X		X		
	Support to grain and coffee marketing		X			
European Union	Assistance is focused on SDPRP, with priorities:					
	• Support to transport, with emphasis on rural roads construction and rehabilitation		X			
	• Support to food security (employment generation, providing cash- or food-for work, increasing access to loan finance, capacity building in water supply & sanitation and watershed management, market development, and implementation of the rural travel and transport programme)	X	X	X		
	• Assistance to macroeconomic reform and capacity building for economic reform					X
	• Support to NGO co-financing facility			X		
	• Support for sanitation and water supply					X
• Coffee improvement		X				

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Donor	Area of Interest/Project	Potential Relevance to CAADP Pillars				
		1	2	3	4	5
USAID	Focus on <i>Food Security Programme</i> (with emphasis on agricultural technology, micro–enterprise development, business & cooperative development, pastoralism, reducing vulnerability and policy reform)		X	X		X
	Support to the finance sector (provision for microfinance loan guarantee and support to financial decentralization)		X	X		X
	Support for the productive safety net			X		
UK–DFID	Within the framework of SDPRP, assistance to food security includes reduction of vulnerability of pastoralists and support for implementation of rural travel and transport program		X	X		
	Education and capacity building in government					X
Germany GTZ	Focuses on food security, with emphasis on improving yields and promoting soil & water conservation, participatory land use planning, social forestry, and diversification of agricultural production	X		X		
	Support to technical & vocational education & training (towards creating job opportunities in the formal and informal sectors with priority to the private sector)		X	X		
	Capacity building in governance (to enhance the capacity of the federal, regional and local government, as well as civil society)					X
Sweden (SIDA)	Focuses on integrated rural development programme, with emphasis on:					
	• Increasing agricultural output			X		
	• Improving land management	X				
	• Support to rural credit services		X	X		
	• Assistance to use of improved seeds and improving extension				X	
	• Tertiary education on forestry and land management	X				
Provides financial support to NGOs addressing environmental issues	X					
Canada	Focuses on food security, with emphasis on:					
	• Improving water collection and conservation	X				
	• Strengthening famine early warning and disaster prevention systems			X		
	• Increasing agricultural production in communities at risk			X		
	CIDA's assistance will increase to C\$75m over the next three years to support the productive safety net, rural capacity building, small–scale irrigation, maintaining soil fertility, and capacity building in the public service	X		X		X
Strengthening Institutions (capacity building)					X	
Austrian Development Cooperation	Within the framework of SDPRP, support to food security is a priority area, specifically:			X		
	• Natural resource management	X				
	• Livestock development			X		X
France	Promoting export capabilities in meat and livestock		X			
	Implementation of water sector strategy (irrigation, water supply and sanitation and watershed management)	X				X
Ireland Development Cooperation (DCI)	Focusing on SDPRP, provides assistance to rural development, with emphasis on:					
	• Support to food security			X		
	• Support to water sector development plan	X				
	• Assistance to community–managed water and sanitation programmes at woreda level					X
Italian Cooperation	Assistance to rural travel and transport programme		X			
	Support to integrated rural development programme	X	X	X		X
	Public service delivery capacity building					X
	Public service delivery capacity building programme					X

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Donor	Area of Interest/Project	Potential Relevance to CAADP Pillars				
		1	2	3	4	5
Japanese International Cooperation Agency (JICA)	Irrigation development and rehabilitation	X				
	Developing planning capability in the MoARD					X
	Assistance to agricultural research and extension				X	
	A study on potential and methods for ground water development and water harvesting	X				
Netherlands	In support of SDPRP, food security is a priority area, specifically:			X		
	• Capacity building and private sector development					X
	• Support to HIV/AIDS, gender and governance					X
	• Environment	X				
	• Area-based programmes with emphasis on marketing, business development, promoting value-added and generation of off-farm incomes		X	X		
• Strengthening government's capacity for delivery of services and local communities' ability to negotiate with government					X	
Norway	Emphasis is on food security			X		
	HIV/AIDS prevention					X
	Assistance to governance and tertiary education					X
	Support to the <i>Nile Basin Initiative</i> (US\$14m)	X				
CRDA	Price stabilization		X			
	Advocacy in land tenure issues security	X		X		X
	Food security			X		
	Creation of independent farmers organizations		X			
	Development of rural towns		X			
	Technology transfer			X	X	
	Promotion of urban agriculture		X	X		
	Land and water management	X				
Promotion of organic production		X				
UNDP	Upgrading research & extension systems				X	
	Strengthening agricultural management information system			X	X	
	Strengthening capacity for improved use and management of small-scale irrigation	X				
	Provision of micro finance to rural communities		X	X		
WFP	Food aid			X		
	Provision of safety net in food insecure areas			X		
	Mapping vulnerability and improving education through school feeding			X		
FAO	<i>Special Programme for Food Security</i>			X		
	Seed supply			X		
	Veterinary certification, quarantine, eradication of rinderpest, and support to the Livestock Marketing Authority				X	X
	Sorghum, cactus and rubber				X	

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