

Chapter Four

1. Development Issues, Policies and Strategies in the Post 1991 Ethiopia

1.1. Defining features of post 1991 Ethiopian development policies and strategies

Following the fall of the Derg regime in May 1991, Ethiopia has witnessed a wide range of policy reforms in the social, economic and political spheres. The socialist oriented command economy has given way to a market-based economic system. The national economy at that time was on the verge of collapse. The radical shift in policy orientation was necessary because of: (i) the failure of the previous socialist government to realize economic growth and improvement in the living standard; (ii) the necessity of securing finance from donors and international financial institutions; and (iii) the urgency of addressing pressing economic issues during the transition from civil war to peace. The shift in economic policy opened the door for the private sector to play an important role as opposed to the previous hostile policy environment that kept the private sector and market forces at bay and in a very rudimentary state.

The reform programs have aimed at reorienting the economy from command to market economy, rationalizing the role of the state and creating legal, institutional and policy environment to enhance private sector investment. The adoption of Agricultural Development Led Industrialization Strategy (ADLI) provided long-term development framework for economic transformation. Adjustment policies focused on liberalization of prices and markets, removal of subsidies, reduction of tariffs, and current account convertibility have been adopted. These are supported with fiscal and monetary policy discipline. This favorable policy environment created by the economic reform, coupled with macro-economic stability, invigorated the domestic private sector, which was suppressed during the Derg period. The smallholder farming family has been made the focus of economic development with a massive agricultural extension and credit scheme, and expansion of primary education, primary health care, rural water supply and rural roads.

To deal with the details of the policy reforms during the Transitional Government of Ethiopia (TGE) (1991-1995), let us see policy changes and transitions made by the TGE. The TGE had to set a new direction for the economic reconstruction and social rehabilitation of the war-torn and poverty-ridden country. It was thus during the Transitional Period that a wave of new policies

and strategies defining the development priorities, goals and implementation instruments of the new government was introduced. Among these were the national policies on health, education, population, women, energy and strategies such as ADLI, the education sector strategy, and health sector program. Since then, the government has been introducing more policies, strategies, national action plans and programs in the various sectors. Some of those policies of the 1990s have also been amended subsequently while others are still in their original forms. These policy reform efforts adopted at different times by the government of the FDRE have been the central development focus of the government that guides its development policies and strategies to eradicate poverty and secure economic development. Having said this, this chapter of the module, therefore, attempts to examine the development policies, strategies and plans designed by the Federal Democratic Republic of Ethiopia (FDRE), their outcomes, and the challenges encountered in the implementation process.

1.2.Post 1991 Ethiopian Agricultural Policies and Strategies

Agricultural Development Led Industrialization (ADLI) is defined to be the “development strategy which aims to achieve initial industrialization through robust agricultural growth and close linkage between the agricultural and industrial sector.” This is the strategy which was formulated in the early 1990s and has been implemented in stages in Ethiopia, especially from the early 2000s.

The strategy of ADLI is seen as a long-term development strategy to achieve faster growth and economic development by making use of technologies that are labor intensive, but land augmenting process (Mussa et.al, 2011). During the first stage of ADLI, agriculture is to play a leading role in the growth of the economy. This implies that agriculture has to be made internationally competitive, and its production has to be export oriented. This has been planned to be done through raising market outlet as a critical issue owing in the main to inadequacy of domestic demand, thereby making exports a necessity (MoFED, 2002). The strategy indicates that for agriculture to continue serving as an engine of growth through the domestic economy and international trade there has to be progress in terms of commercialization of production. This process is achieved with more intensive farming, increasing proportion of marketable output and correspondingly maintaining food security for own consumption. Besides deepening technological progress, ADLI is supposed to bring greater market interaction on the part of the

farmer. Extension of credit to the small farmer will gain importance with commercialization of agriculture, and give impetus to the establishment of rural financial institutions including banks. Cooperatives play important roles in facilitating input and output marketing as well as in promoting the provision of rural finance.

In the strategy, the problem of food insecurity and agricultural growth in pastoral areas is being conceived in terms of the development of the pastoral economy in its entirety. The strategy of ADLI has three major components that are further sub-categorized under different parts. This categorization is based on the agro-ecological diversity of the country (Ethiopia). Bearing this in mind, the FDRE government designed agricultural extension program which frequently identify three main ecological categories based on moisture availability. These are areas with: **a**). Areas with adequate rainfall, **b**). Areas with moisture stressed, and **c**). Dry Areas (Pastoralists' areas).

The second issue is concerned with population and demographic change. As it is observed from different researches conducted, the rural areas are continuing to carry an immense and growing demographic burden, but on the other hand there is little increase in the natural resource base observed from practices. The massive environmental degradation followed by population boom demand an agriculture policy that can react and solve these challenges. Hence, the rural development strategies adopted by the government have tried to recognize these challenges and targeted to reverse the situation. Having said this, in the coming part agricultural strategies and programs of the government will be reviewed briefly.

Rural Development Strategies

Before dealing with the issues of rural development in the Ethiopian context, let see the meanings of the concept of policy and strategies. According to Mussa et.al, (2011), there are some controversies regarding the meanings of policy and strategy and the link between them. Although, this is the case, for the purpose of understanding rural development, let's take the definition of policy as, the broad framework defining fundamental, assumptions, principles, objectives, and priorities with regards to the broad sector. Strategy could be understood as long-term & specific measures planned and implemented to achieve the broad objectives of the policy.

As Ethiopia's Ministry of Finance and Economic Development (MoFED), (2002) indicated, rural development is not an issue solely confined to agricultural development. Rather, in its proper

sense, it embraces a number of activities outside agricultural development. In the Ethiopian context, similarly, agricultural development is taken as a central activity to rural development. The broad framework of the government's policy on rural development has been spelt out in the mid-1990s and further refined in a major document issued in 2001.

The central plan of the policy has been that the country's overall development was to be agriculture and rural centered. It is justified that by policy makers that agriculture should be the starting point for initiating the structural transformation of the Ethiopian economy and peasant farmers and pastoralists constitute the cornerstone of economic development. The justification is that the country's chief and abundant resources are land and labor and that the great majority of the people live in the rural areas and are agriculturalists, hence the country does not have any alternative but to employ these resources soundly and efficiently in order to bring about rapid growth and sustainable development (MoFED, 2002). Within agriculture, the predominant focus is on smallholder farms with greater weight given to crop production.

The first expression of ADLI in the form of a medium-term economic program was made in 2002 when the government incorporated the main ideas of ADLI into the poverty reduction strategy paper, or the Sustainable Development and Poverty Reduction Program (SDPRP) 2002/03-2004/05. This program sought to promote agricultural development and poverty reduction in rural areas by: (i) strengthening agricultural extension services; (ii) the training of extension agents in Technical Vocational Education and Training (TVET) and the training of farmers in Farmers Training Centers (FTC); (iii) water harvesting and irrigation; (iv) improved marketing opportunities; (v) restructuring peasant cooperatives; and (vi) supporting micro-finance institutions.

Since 2001, there have been relative changes in the original agricultural strategy of the government and there are many considerable readjustment made in the strategy. The second poverty reduction program which is the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), has attempted to address the gaps found in urbanization activities and the industry sector. The plan has made efforts to define the modalities of the linkages between one and the other. The PASDEP states that urban development will play a more central role in the next phase of Ethiopia's development efforts while the focus on the pro-poor development

activities must inevitably remain rural-biased This indicates that the focus given for the industrial and urbanization attempts is much higher in the PASDEP than it had in the SDPRP.

In PASDEP document, it is also stipulated that the FDRE government is planning major investments in the urban areas to improve infrastructure facilities like roads, markets, improve social services like health and education, increase power, and water supply and housing projects. Job creation schemes, and support for small and micro enterprises are part of the new emphasis on urban development (MOFED 2006). PASDEP has also emphasized on new directions of agricultural development programs in addition to the existing identified activities like improving human resources through training, education, and delivery of packages through the SDPRP. The new agricultural strategy also attempts to organize rural cooperatives to play their role in the rural transformation process. As the Federal Cooperative Agency, 2005 cited in Mussa et.al, (2011), nearly 20,000 primary cooperatives have been established throughout the country. The main functions of the cooperatives at the present moment are: distribution of inputs, marketing services for farm products, provision of credit to members, encouraging farmers to save money, and provision of goods with fair prices. **Eight Pillar Strategies** were developed under PASDEP which have been carrying forward important strategic directions pursued under SDPRP and also embodying some bold new directions. Foremost among them is a major focus on growth with a particular emphasis on greater commercialization of agriculture and enhancing private sector development, industry, urban development and a scaling-up of efforts to achieve the Millennium Development Goals (MDGs). These pillar strategies were:

- Building all-inclusive implementation capacity;
- A massive push to accelerate growth;
- creating the balance between economic development and population growth;
- unleashing the potentials of Ethiopia's women;
- strengthening the infrastructure of the country;
- strengthening human resource development;
- Managing risk and volatility; and,
- Creating employment opportunities.

Agriculture and Food Security

Food insecurity problems in Ethiopia are manifested directly in three food security components: adequacy of supply (production, reduction of post harvest losses, import levels), stability of supply (production stability, regional and inter temporal price stability) and access to supply (purchasing power, or income level and access to employment). A combination of factors has resulted in serious and growing problem of food insecurity in Ethiopia. Adverse climate changes (drought) combined with high human population pressure, environmental degradation, technological and institutional factors have led to a decline in the size of per capital land holding. This has been exacerbated by policy induced stagnation of agriculture and internal conflict and instability in the past resulting into the widening of the food gap for more than two decades, which had to be bridged by food aid.

Increasing urban poverty is largely attributed to limited broad based employment and income earning opportunities in urban areas. To come up with the solution for this food insecurity problem the government has adopted policy measures at different point of time. These policy measures are explicitly stated in both Sustainable Development and Poverty Reduction Program (SDPRP) and Plan for Accelerated and Sustained Development to End Poverty. The main objectives of the government as related to agricultural growth are to address the problem of persistent food insecurity in the country. The long term goal is to make the country self-sufficient in food through increased food production and higher farm productivity, and to end the country's dependence on foreign food aid. As stated in the PASDEP, the key interventions designed to bring about food security at household level includes: Building up household assets, Strengthening voluntary resettlement, Implementing Productive Safety Net Program (PSNP) effectively and Income diversification through promoting non-agricultural activities for communities that depend on agricultural activities and Activities for livestock potential.

As it is indicated in the above, one of the intervention strategy adopted by the government is to implement Productive Safety Net Program effectively. It is intended to serve the dual propose of helping bridge the income gap for chronically food insecure households, and engaging such households in community asset building efforts to earn income, especially during the lean season and times of drought. According to PASDEP document the main objective of the Productive Safety Net Program is provision of transfers to the food insecure population in chronically food insecure Woredas in order to prevent asset depletion (protect asset) at the household level and

creates assets at the community level. The program is also believed to support rural transformation process by preventing long-term consequence of short-term consumption shortages; encouraging households to engage in production and investment activities; enhancing household purchasing power; and promoting market development. According to Mussa et.al, 2011, the PSNP has two components: Public Works and Direct Support.

1. **Public Works:** These are labor intensive community based activities. They are designed to provide employment for able-bodied and chronically food insecure people. The specific activities include hillside terracing, land reclamation, improvement of roads, provision of water and maintenance of social services.
2. **Direct Support:** This is the provision of direct unconditional transfer of cash or food to vulnerable households with no able bodied members to participate in public works. According to the program implementation manual, the beneficiaries of the direct support program include: Those individuals who do not have labor to participate in public works; Those individuals who do not have sufficient and reliable support from sons/daughters or remittance from relatives away from village; and Those individuals who cannot participate or contribute in other community activities (e. g., disabled persons and orphans). But the PSNP was not without shortcoming, main shortcoming of the Productive Safety Net Program;

The number of people who suffer from chronic food insecurity is very high. Yet, because of its limited capacity, the PSNP targets a small proportion of households, excluding a large population of food insecure households and individuals from participation in PSNP. The problem of food insecurity is covering both rural and urban areas. However, the PSNP has paid attention only to rural areas, giving little attention to urban areas. The PSNP excludes not only the urban areas but also food insecure people residing in pockets of areas in some food insecure woredas. Although the reason for moving away from pure relief approach to productive safety net is to reduce dependency, it is not clear how the PSNP could reduce dependency among beneficiaries and enable them to become self-sufficient.

The responsibility of executing safety net activities has been given to various actors. However, the Program Implementation Manual does not clearly specify in what way these different agencies implement the program activities in an integrated manner. The amount of cash that transfers to beneficiary participants is not determined in view of the market price differences in

different woredas. The wage rate in all woredas in the eight regions is fixed at 6 Birr. The monitoring and evaluation system is not well developed. The program implementation manual does not clearly show the items that have to be evaluated and the responsible body that undertakes the evaluation of PSNP. The ownership of community assets that are created by public works need clear definition. Moreover, the public works are not well geared towards provision of social services (health and education) that play in the long-term a crucial role in ensuring household food security.

In Conclusion, it has been almost a decade since the strategy of agriculture-centered development is implemented. With this regards, progressive and promising achievements have been secured. The Agriculture Extension Program, Productive Safety Net Program and others like the natural resources management system are introducing the rural people with new approaches of agriculture and productive technologies. In terms of conducting extensive technical & vocational training in agriculture for Development Agents to provide effective extension services, establishing FTCs, increasing the annual supply of improved seed for cereals, oil, pulse and fiber, improved agricultural marketing systems, there are clear and observable achievements. The years from 1996 till 2003 for instance, has seen increases in agriculture output as result of good harvests. Yet, it is important to note that there are some limitations on family planning, monitoring and evaluation of programs, governance and human resources management, households' asset accumulation, and prevalence of corruption.

The other limitation in the agriculture policy is the high price of fertilizer and the relatively low prices to harvests. And, last but not least is that the policy is still dependent on rain and the attempts to introduce farmers to water harvesting technologies so that they can be free to dependency on rain is too limited to be appreciated (Mussa et.al, 2011).

1.3. Education and Health Sector Development

The Education Policy of Ethiopia: Strategies and programs

Realizing the positive role that education plays in the development of society and reducing poverty, the Ethiopian government adopted a new Education and Training Policy (ETP) in 1994 taking into consideration the structure of education as it evolved overtime and the long-term objectives set for it. The policy focuses on increasing access to educational opportunities in a

form that is directly relevant to the present as well as the coming generations. The policy focuses on increasing access to educational opportunities with enhanced equity, quality and relevance. This is the basis for the multi-year Educational Sector Development program (ESDP) that started in 1997/98 with the long term goal of achieving universal primary education by the year 2015. Taking into consideration the short and long-term socio-economic development goals of the country, and identifying the major problems confronting this sector, the education policy has set the following four major goals (MoFED, 2002):

- To produce good citizens who understand, respect and defend the constitution; students who respect democratic values and human rights; develop attitude for research and work and capacity to solve problems, develop skills in different professions and with a sense of citizenship to participate in and contribute to the development of community and the nations.
- To realize the goal of achieving universal primary education through expanding access and coverage of primary education with equity and improved quality;
- To meet the demand for manpower at all levels for the socio-economic development needs of the country, both qualitatively and quantitatively, through the vertical integration of the secondary, technical and vocational, and higher educational programs.
- To build the capacity within the education system for sustainable development of the system through organizational capacity building for program implementation, continuous innovation, and quality leadership at different levels.

Overall strategies

In order to implement the above specified objectives, the Government of Ethiopia has developed the following strategies; Participation of community and NGOs in the education sector shall be strengthened; In order to implement the program at a possible lower cost, alternative approaches such as low cost schools, one-class room schools, multi-grade schools...etc for first cycle primary schools will be encouraged; A stronger and wider role for non-formal education and other alternatives for expansion of primary education shall be implemented; Empowerment of the community is not only a means for development but it is also an end in itself. Policies and programs to strengthen the role of the community in the management and financing of the schools shall be implemented, Capacity Building through organizational development, provision

of training to managers, development and implementation of logistic support systems, etc. shall be given priority; More responsibilities shall be devolved to the Woredas to manage primary and secondary education. This will make them more responsive to the needs of the communities and accountable to deliver the services effectively and efficiently. And emphasis shall be given to improve not only the academic qualifications but also the ethical values of the teaching staff. Therefore, efforts will be exerted to have a teaching staff that is well motivated, disciplined, and endowed with ethical values.

The Health Policy of Ethiopia: Programs and Strategies

Ethiopia is known to have one of the lowest health statuses in the world. This is mainly due to backward socio-economic development resulting in widespread poverty, low standard of living, poor environmental conditions and inadequate health services. Realizing this state of affairs, the Federal Democratic Republic of Ethiopia, embarked on a rapid economic development and a multi-pronged poverty reduction programs. In line with this strategy, it took a number of measures in the health sector including the design of an appropriate sectoral policy, strategy and a twenty year rolling health development program. In response to the prevailing and newly emerging health problems as well as in recognition of the weaknesses of the existing health delivery system, the first phase of Health Sector Development Program (HSDP I) was launched in 1998 (MoFED, 2002). It was developed in the context of a strong government commitment to democracy and decentralization, and was designed explicitly to respond to the health care needs of the rural population who constitute 85% of the total population.

It is important to note that the overall goal of the HSDP is to improve the health status of the peoples of Ethiopia. The linkage between improved health and general development are increasingly being acknowledged, as for example, in the reports of the WHO Commission on Microeconomics and Health (CMH). This relationship was well-defined in the HSDP (I) where the linkages has been articulated between the impact of improved status on productivity of the adult population, reduced household expenditures on health thus freeing resources for productive use, and the resulting contribution to reduce poverty and support to the overall socio-economic development of the country. The priorities in the health care interventions were the preventive and promotive aspects of care and the expansion of health facilities in order to deliver a comprehensive, integrated and equitable health care.

In line with these goals, the health management was decentralized, democratized and attempts were made to make it more efficient. During the last fifteen years, a significant number of the existing health facilities were rehabilitated and lots of health posts, health centers and hospitals were built. Furthermore, a great effort was exerted to provide the facilities with essential drugs, pharmaceuticals, medical equipments and the necessary human resources in a sustainable manner.

2. Democratic Developmental State *Versus* Developmental State

Democratic Developmentalism (DD) is defined as “a political regime in which a developmental party remains in power for a long time by consecutively winning free elections which permit multiple parties, under which policies that punish rent seeking and encourage productive investment are implemented with a strong state guidance.” This should be construed as a model which Ethiopia is trying to attain rather than an already-established and well-functioning political regime. Under DD, the fruits of successful development are expected to win popular support, which is confirmed through a series of elections. Thus, the Democratic developmental state earns legitimacy and keeps its power for a long time through both economic performance and democratic procedure. Let us look at the three important components of the DD model:

(1) Introduction of democracy

The DD model aims at building a political regime unique to Ethiopia, which is different from the East Asian Authoritarian Developmentalism (AD) which postpones democracy for the sake of development, or the Western style “good governance” that requires an early adoption of highly advanced governing principles in latecomer developing countries. Needless to say, the kind of democracy that can be meaningfully adopted in a very poor country is not its ideal type equipped with full conditions. Democracy is not an all-or-nothing choice; it comes with a large number of variations that reflect the history and structure of each society. Its development stage ranges from elementary democracy equipped with minimum formality to full democracy that realizes popular participation, political competition, and policy debate in the true sense

Why should a country in an early stage of development adopt democracy instead of authoritarianism? One reason is the inherent and universal importance of democracy itself such as freedom, human rights and participation. Another reason would be to expect democracy to provide the procedure to secure legitimacy and maintain unity of a multi-ethnic nation and the

means to gain popular support to developmentalism and development projects. Moreover, in the world of the 21st century in which we live, it must be noted that no country, regardless of its development stage, could be admitted as a valid member of the international community and receive aid and cooperation unless it embraces a democratic form of government. In summary, the combined adoption of developmentalism and democracy is required not only for the inherent value of democracy but also from strong pressures from within and without. The kind of democracy envisaged under DD is the basic one that holds free elections with multiple parties and guarantees the minimum level of basic freedom and basic human rights.

(2) Government as a dynamic leader

According to Comparative Institutional Analysis which studies the diversity and dynamics of institution, it is not easy to transform a “system” which has been installed and already solidified. Different types of inertia works to defend the existing system such as: institutional complementarity (mutual dependence of institutions in which the removal of only one institution hardly changes the system), strategic complementarity (the fact that individuals have incentives to play the existing game), and path dependency (the difficulty of deviating from the system which was chosen first). At the same time, there are also patterns in which transformation can occur even under such inertia.

The first is collective mutation. This occurs when a sufficiently large number of members of the society change their behavior in the absence of external coercion or directives. In the context of developing countries, this may happen when a resistance movement arises against extreme suppression or deprivation, or when a sustained increase in income changes the values and wants of the majority of the population. The second is policy launched by the government. The government is one of the insiders of a society but can become a dynamic actor to force a change on other members of the society with its authority. The third is foreign pressure. For better or worse, foreign individuals, firms and organizations are not bound by domestic rules and can become an agent for systemic change in that society. Finally, effective cooperation between the government and foreigners can produce a systemic change. This does not mean that the government and foreigners are always in good terms.

(3) Political support base

It is natural that Ethiopian developmental party intending to win an election every five years chooses small farmers, which occupy 80% of the Ethiopian population, as its support base. In addition, small and medium size entrepreneurs in the urban areas are also counted as its future support base although their number is still small. However, at present, the ruling party has not established itself firmly in urban constituencies. Small farmers and small and medium size entrepreneurs are regarded as the victims of rent seeking. To release them from this harm and let them concentrate on their productive activities, the government thinks it necessary to first remove past suppressions such as exploitation and state monopoly. When this is done, under the government's "Rural Strategy," a series of measures are to be implemented in the areas of technology diffusion, fertilizers, seeds, irrigation, and so on, in order to raise the productivity of small farmers and transform them into commercial producers

(4) A comparison with East Asia Authoritative Developmental state

AD to be analyzed here for the purpose of comparison with DD is an ideal type which is most closely represented by Taiwan and South Korea before their transition to democracy. With these caveats, let us enumerate the outstanding features of East Asian AD as follows: (i) emergence in response to a crisis (domestic or regional); (ii) strong leadership (one strong leader or a strong ruling group or party); (iii) a loyal and capable technocrat group supporting strong leadership; (iv) prioritization of developmental ideology (i.e., postponement of political reform); (v) legitimacy through economic performance rather than democratic procedure; (vi) the continuation of the same regime for two to three decades and the social transformation that it generates. This AD regime has the following sharp differences from the DD model which Ethiopia aspires to adopt.

First, East Asian AD is a proven model which was adopted in many countries with remarkable achievements in income generation and structural transformation in at least some of them. In this sense, the validity of AD is indisputable. By contrast, Ethiopian DD remains a plan to be fully implemented in the future. Its advocates ought to convince the skeptics of the feasibility of DD in the social context of latecomer developing countries. Second, as noted above, most East Asian developmental states from the outset formed political coalition with capitalists—business groups, banks, and so on—who were the main executors of development while effectively refusing to adopt the multi-party system with free election. By contrast, the DD model aspired by Ethiopia

adopts multi-party system with free election as one of the key rules of the game at the starting point. Thus, the legitimacy of AD depended solely on its economic performance whereas that of DD will depend on both economic performance and democratic procedure.

Third, in East Asian high performing economies, a dynamic transition pattern was observed in which AD, which was established through the denial of democracy, achieved positive economic results over a few decades which in turn transformed the social structure, mindsets and demands of the people. This social change led to a rise of the middle mass, who demanded democratization, to the position of voter majority which eventually toppled the AD regime. This pattern has already run its course in Taiwan and South Korea. Meanwhile, what dynamic course the DD regime will trace if it is successful remains uncertain. The Ethiopian document states that Rural Democracy will eventually transform itself into Urban Democracy, but its concrete content or mechanism is unclear.