

**ETHIOPIA'S NATIONAL AGRICULTURAL
INVESTMENT PLAN (NAIP)
EFY 2013-2022 (GC 2021-2030)**

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Summary:

This publication narrates the summary reports of ETHIOPIA'S NATIONAL AGRICULTURAL INVESTMENT PLAN project of Ministry of agriculture with a finance supported by AGRA, Ethiopia.

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EXECUTIVE SUMMARY

Agriculture is at the heart of Ethiopian economy, accounting for 34% of the country's GDP, 75% of export earnings, 73% of the employment opportunities, major source of 70% of raw materials for to agro-processing industries and market for industrial outputs. The sector is also important for addressing food and nutrition security needs to more than 110 million citizens. Thus, the country's aspiration for overall economic growth and development is highly linked to sound agriculture sector performance.

Knowing the importance of agriculture for national development, the Government of Ethiopia (GoE) has formulated and consistently implemented a set of policies and strategies for agriculture and rural development, prioritizing the promotion of food security and poverty eradication. Some of the key policies of the sector since the mid-1990s include Agricultural Development-Led Industrialization (ADLI) which is a comprehensive long-term national development road map. As part of ADLI, the Poverty Reduction Strategy Program (PRSP) (2000 and 2001); and the Sustainable Development and Poverty Reduction Program (SDPRP) (2002-2004) and the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) (2005-2010) were formulated and implemented. The Agricultural Sector Policy and Investment Framework (PIF) was also launched in 2010. The PIF was aligned with the Maputo-CAADP declaration's strategic objectives and provided a ten-year strategic framework (2010-2020) for priority areas of investment. Parallel to PIF, the Government formulated Growth and Transformation Plan I and II (GTP I & II), which were multi-sectoral national Development Plan for 2010-2015 and 2016-2020, respectively. The Government identified and implemented flagship investment programs including Agricultural Growth Program (AGP), Sustainable Land Management Program (SLMP), Productive Safety Net Program (PSNP), and many others to enhance agricultural productivity, marketing, natural resource management, and food and nutrition security. The policies between 2010 to 2020 were focused on growth and structural transformation and aimed at transforming the country into a low middle-income country by 2025.

The aforementioned policy interventions enabled the agricultural sector 6.6 percent annual average growth rate between 2004 and 2015 before it dropping to an average of 4 percent between 2016 and 2020. This have partly contributed for the country's double-digit real GDP growth, six-fold increase in per capita income, and decline in national poverty level from 44.2% in 2000 to 23% in 2019. The total grain production grew from 11.9 to 34.15 million ton between 2004 and 2020 (CSA, 2020). The foreign exchange earnings also witnessed substantial increase from less than 0.6 billion USD in 2004 to 3.2 billion USD in 2020/21 out of this agricultural commodities account for 76 percent.

Despite considerable efforts to transform, the sector still suffers from low productivity, innovation, value addition, and diversification (i.e., dominated by cereal production). It is still heavily dependent on rain-fed subsistence production, leading to high dependence on

humanitarian aid, and large amount of annual food import. The situation is exacerbated by the frequent reorganization of the Ministry of Agriculture and changes in the leadership of Government and DPs that weakened institutional memory and affected contribution of the REDFS platforms. Besides, the success of the sector questioned as a significant number of citizens are living under extreme poverty, and food and nutritional insecurity, skyrocketing domestic food prices that partly explain inadequate supply side response for growing food needs. All in all, the agricultural system is not well equipped to support the envisaged broad-based economic transformation of the country. This necessitates the development of National Agricultural Investment Plan (NAIP) (2021-2030) which is embedded within Ethiopia's national system and reflective of and responsive to the goals of the Ten-year Perspective Plan of MoA (2021-2030) for the agriculture sector. The investment plan is comprehensive in terms of combining national, regional Comprehensive African Agriculture Development Program (CAADP), and global Sustainable Development Goals (SDG) and commitments.

The NAIP sets priorities on impactful priority investment areas based on lessons drawn from previous interventions and provides a road map for structured and coordinated investments for rapid transformation. Thus, the overall objective of NAIP (2021-2030) is to align MoA sector plans with the CAADP framework. The specific objectives are: i) to prioritize the sectoral investment plan across the broad scope of the Ministry, ii) to contribute to Sustainable Development Goals (SDGs) of ending hunger and halving poverty in Ethiopia by 2030 through sustainable and inclusive agricultural growth and transformation, iii) to align the sector priorities to CAADP development agendas, iv) to enhance the rapid and sustainable growth of agriculture sector for employment creation, economic growth and food and nutrition security by identifying priority flagship programs under each Strategic Objective (SO); and v) to estimate the financial requirements, identify possible funding sources and ultimately to provide a framework for implementation governance, coordination, and results tracking and review mechanisms.

Development of the NAIP has benefitted from comprehensive secondary and primary data from multiple sources. Key Informant Interviews (KII) were conducted with key actors in Government, Development Partners (DPs), NGOs and Civil Society Organizations. Econometrics model was used for estimation and projection of required investments costs of the flagship programs. Finally, implementation governance, NAIP result areas, M&E, coordination mechanism, and risks were identified.

The major lessons gathered from national policies and strategies review, stakeholders consultation, and from policy and strategies for future development indicate that factors that have limited sector progress include (1) institutional instability of MoA which is characterized by frequent merging and splitting the Ministry and its tiers; (2) dominance of supply oriented production system instead of market-oriented production and diversification, (3) lack of vibrant R&D and extension systems, (4) insufficient natural resource management (i.e., land and water management and use), resulting in soil nutrient loss, salinity and ultimately contributing to low productivity, (5) insignificant capital investment in agricultural technologies and infrastructure

including on mechanization, (6) limited access to agricultural finance, and (7) inadequate private sector (large scale) engagement in agricultural production, processing and distribution. In light of this, future Government policies and strategies should focus on addressing the above institutional and structural challenges.

In order to address the above challenges, priority investment areas under four broader Strategic Objectives (SOs)¹ were identified. Although there is a need for investment in almost all areas of agriculture, resources are limited and need to be directed to areas where they can create the biggest impact. Prioritization also helps to focus on impactful areas, guide actors to invest more to priority areas and also foster coordination among different stakeholders who have the same interest in the menu of areas.

Consequently, twelve key commodity-based flagship programs (CBFPs) and Ten Complementary Investment Projects (CIPs) areas were identified. The twelve CBFPs comprise nine-strategic crop and horticulture commodities (i.e., wheat, rice, coffee, maize, sesame, tomato, onion, avocado and mango); and three-strategic livestock and fishery products (i.e., poultry, dairy, red and white meat). The ten CIPs cover irrigation development, animal feed, mechanization, agricultural trade, research and extension, finance, land management and use, private sector development, coping with climate change, and building implementation capacity. These are found critical enablers or essential investments projects envisaged to accelerate implementation as well as raise benefits from 12 commodity-based flagship programs. The implementation of twelve CBFPs expected to be led by the Minister's Office of the Ministry of Agriculture in order to increase its implementation efficiency, close coordination among key stakeholders within and outside the Ministry, strengthening the organizational structure for implementation, progress review and take remedial actions to reinvigorate its execution.

The estimated budget for the 12-commodity based priority flagship programs and 10 CIPs for the period of 10 years (2021-2030) is USD \$ 21.65 billion. Of this 8.7 billion (40%) from the Government; 8.7 billion (40%) from DPs and NGOs, and the remaining 4.33 billion or 20% expected to be contributed from the private sector. Out of total budget close to 70% allocated for twelve CBFPs and the rest (30%) will be allocated for Ten CIPs. Appropriate implementation plan, governance structure, and risk and mitigation measures are developed for delivery of the plan.

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¹ The four SOs are: (1)