

# UNIT 7

## MAIN SECTORS, SECTORIAL POLICIES AND STRATEGIES OF ETHIOPIA

### Introduction to Agricultural Strategies and Policies in Ethiopia

Ethiopia's approach to agriculture has evolved significantly over time. Initially, agriculture was seen as a supportive sector, with industrialization being prioritized. However, it has become clear that agriculture is crucial for overall economic development, particularly in developing countries like Ethiopia. Here's a concise overview of key agricultural strategies and policies in Ethiopia:

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### 1. Agricultural Strategies

#### Uni-modal Agricultural Strategy

- **Definition:** Focuses on improving small-scale peasant farms by enhancing their productivity with modern inputs and technology.
- **Characteristics:**
  - Emphasis on smallholder farms.
  - Pro-poor and aims to reduce poverty.
  - Promotes food security and access to modern technology.
  - Protects peasant land rights and reduces rural migration.
- **Limitations:**
  - Focuses primarily on food crops, not high-value products.
  - Limited by fragmented land and inadequate infrastructure.
  - Inefficient in addressing market information gaps.

#### Bi-modal Agricultural Strategy

- **Definition:** Combines the intensification of small farms with the development of large-scale commercial farms.
- **Characteristics:**
  - Encourages commercial farming and technological investment.
  - Supports individual land ownership and business development.
  - Promotes large-scale agricultural projects and technology transfer.
- **Limitations:**

- Creates social differentiation between agricultural capitalists and landless workers.
- Can lead to eviction of small farmers and limited off-farm job opportunities.

## 2. Historical Agricultural Policies in Ethiopia

### Pre-1974 Era

- Focus on industry, with some attention to agriculture.
- Objectives included land reform, introducing modern tools, and monetizing the economy.
- Challenges: Failure to implement land reforms and other policy measures.

### Derg Regime (1974-1991)

- Shift to a centrally planned economy with state control over land and agriculture.
- Nationalization of commercial farms and collectivization of agriculture.
- Continued some previous projects but with less success due to policy flaws and central control.

### Post-1991 Era

- Shift away from collectivization; introduction of Agricultural Development-Led Industrialization (ADLI).
- Focus on enhancing smallholder productivity and linking agriculture to industrialization.
- Programs included PADETES (extension services), Sustainable Development and Poverty Reduction Program, and PASDEP (development plans).
- Recent emphasis on improving productivity through irrigation, mechanization, and agro-processing.

## 3. Problems in the Agricultural Sector

### Natural Problems

- Recurrent drought affecting crop production and livestock.

### Human-Made Problems

- **Land Fragmentation:** Shrinking landholdings leading to inefficiencies.

- **Lack of Infrastructure:** Poor transportation and communication in rural areas.
- **Limited Credit Facilities:** Restricts farmers' access to resources.
- **Land Degradation:** Erosion and poor land management practices.
- **Traditional Practices:** Outdated methods leading to low productivity.
- **Backward Technology:** Limited use of modern techniques.

### Possible Remedies

- Develop irrigation systems and water storage solutions.
- Promote reforestation and drought-resistant crops.
- Improve land ownership rights and infrastructure.
- Enhance agricultural extension services and education.

## Specific Policies and Strategies of the Industrial Sector in Ethiopia

### Objectives:

1. **Analyze:** Industrial sector policies and strategies before 1974.
2. **Outline:** Policies and strategies during the Derg regime (1974-91).
3. **Summarize:** Policies and strategies during the EPRDF regime and after.

### Start-Up Activity:

1. What are the key characteristics of Ethiopia's industrial sector?
2. What role does the industrial sector play in Ethiopia's economy?
3. How is the industrial sector linked to the agricultural sector?

### 1. Industrial Sector Policies Before 1974 (Imperial Regime)

- **Period:** Mid-1950s to 1974.
- **Objective:** Stimulate industrial growth through import-substituting industries (e.g., consumer goods).
- **Key Strategies:**
  - **Encouraged Foreign Investment:** Attracted foreign capital with high tariffs, import bans, fiscal incentives, and credit provisions.
  - **Government Roles:** Invested in infrastructure and human resources; directly invested in high-capital sectors like oil refining, cement, and textiles.
  - **Industrial Structure:** Characterized by a dual system with small-scale and modern medium-large-scale industries. The modern sector was largely foreign-owned.

## 2. Industrial Sector Policies During the Derg Regime (1974-91)

- **Period:** 1974 to 1991.
- **Objective:** Shift towards a socialist economy.
- **Key Strategies:**
  - **Nationalization:** Most medium and large-scale industries were nationalized and reorganized under state corporations.
  - **Restrictions:** Private investment was limited; price controls and import restrictions were imposed.
  - **Industrial Focus:** Emphasis on import-substituting, labor-intensive industries.
  - **Economic Policy Shift (1990):** Attempted a mixed economic policy for liberalization, but this was short-lived due to regime change.

## 3. Industrial Sector Policies Post-1991 (EPRDF Regime)

- **Period:** 1991 onwards.
- **Objective:** Promote export-led industrialization and development.
- **Key Strategies:**
  - **Export Promotion Strategy (1998):** Focused on high-value agricultural exports and labor-intensive manufacturing.
  - **Industrial Development Strategy (IDS) 2002/03:** Emphasized:
    - **Export-led Industrialization:** Targeting labor-intensive industries.
    - **Infrastructure Development:** To support economic growth.
    - **Small Enterprises:** For job creation and poverty reduction.
    - **Private Sector Role:** Considered as an engine for growth; government to provide support and guidance.
    - **Priority Sectors:** Textiles, garments, meat processing, leather products, and agro-processing.

## 4. Industrial Park Development

- **Characteristics:**
  - **Investment Zones:** Open to domestic and foreign investments.
  - **Modern Infrastructure:** Located along economic corridors, connected to ports, and equipped with advanced technology.
- **Principles:**
  - **Specialized Parks:** Improve efficiency and economies of scale.
  - **Export Promotion:** Incentives to boost export performance.
  - **Sustainability:** Use of renewable energy and environmentally friendly practices.
  - **Skills Development:** Enhancing worker skills for competitiveness.

## 5. Problems in the Industrial Sector Post-1991

1. **Financial Challenges:**
  - Lack of surplus capital from the agricultural sector.
  - High dependency on imports and collateral requirements for loans.

## 2. **Marketing Issues:**

- Weak domestic demand.
- Competition from imports and lack of market information.

## 3. **Technological Problems:**

- Insufficient technology suited to local materials.
- High cost and dependency on foreign raw materials.

## 4. **Input Challenges:**

- High costs and shortages of raw materials.
- Other issues include policy problems and lack of skilled manpower.

## 6. **Possible Remedies**

- **Economic Stability:** Maintain macroeconomic stability.
- **Financial Sector:** Build a well-regulated financial sector.
- **Infrastructure:** Develop reliable infrastructure.
- **Human Resources:** Train and develop skilled workers.
- **Business Environment:** Improve the ease of doing business to attract investment.

# Health Sector Policies and Strategies in Ethiopia

## Overview

Ethiopia's health care system has struggled to meet the needs of its people due to various challenges. Here's a summary of the key health sector policies and strategies over time.

### 1. **Historical Background**

- **Pre-1974:** Health care policies were not well-defined. The government made some efforts to integrate health services into development plans, but concrete strategies were not established until 1963.

### 2. **Post-1974 (Derg Regime)**

- **1978:** Introduction of a ten-year development plan focusing on primary health care. The system was highly centralized with minimal public-private collaboration.
- **Health Policy:** Prioritized primary health care and aimed to improve access to health services. The approach was mostly top-down with limited community involvement.

### 3. **Post-1991 (EPRDF Regime)**

- **1993:** Development of a new National Health Policy focusing on decentralization, efficiency, and accessibility. Key goals included:
  - **Decentralization:** Shifting responsibility to local districts.

- **Comprehensive Health Services:** Addressing communicable diseases, malnutrition, and maternal and child health.
  - **Private Sector and NGO Participation:** Encouraging involvement from private and non-governmental organizations.
- **1997:** Introduction of the Health Sector Development Plan (HSDP), now in its third phase (HSDP III). Major components include:
  - **Preventive and Curative Care:** Emphasis on both preventive measures and treatment.
  - **Drug and Medical Supplies:** Ensuring availability and proper management of medical resources.
  - **Human Resource Development:** Training and managing health personnel.
  - **Research and Development:** Promoting health-related research.
  - **Financing:** Improving financial management of health services.

#### 4. Problems

- **Limited Access:** Uneven distribution of health facilities.
- **Budget Constraints:** Insufficient funding and poor management.
- **Quality Issues:** Low quality of services and high mortality rates.
- **Infrastructure:** Poorly maintained facilities and equipment.
- **Personnel Shortage:** Lack of trained health workers and essential supplies.

#### 5. Possible Remedies

- **Expand Programs:** Strengthen existing health initiatives.
- **Family Planning:** Provide comprehensive family planning services.
- **Reproductive Health:** Enhance education on reproductive health.
- **Training:** Increase training for health professionals.
- **Standards:** Establish standards for health services.

#### Summary

Ethiopia's health sector has evolved from a centralized system with limited access to a more decentralized and comprehensive approach aimed at improving accessibility and quality of care. Despite progress, challenges remain, particularly in infrastructure, funding, and personnel.