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**The Ethiopian Way to Agrarian Transformation:
Agricultural Clusters in South Wollo**

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ABSTRACT

This work deals with the strategies and processes of agrarian transformation currently unfolding in Ethiopia. In the last 25 years, Ethiopia has achieved one of the most impressive records of economic growth, through a strategy of agricultural-development-led industrialization. The strategy is expected mainly to help the country to achieve a middle-income country status in the near future, to bring about a structural transformation of the economy, to eradicate poverty and food insecurity. A major process of social and economic transformation is indeed pursued of the country's agrarian base, which is still mainly made up by the smallholding peasantry. Therefore, the analysis of the current agrarian transformation process at issue here, deals primarily with the process of social and economic change envisaged by the developmental state for the peasantry.

The analysis fits into a longstanding theoretical debate on the role of small-scale farming production in development and agrarian transition. Lately, the debate has focused on the combined leverage of a multidimensional range of global and local factors, which is fostering a rapid change in social and economic production, reproduction and exchange relations among the peasantry of developing countries. In this context, the mainstream approach to rural and agricultural development widely adopted by developing countries has sought to integrate small-scale farmers in outward-oriented and inter-sectoral value chains.

Along the same line, lately the Government of Ethiopia has started to implement a cluster-based approach to agricultural development, which holds an impressive potential for transformation. This work proposes an empirical-based study of the implementation process of agricultural clusters in South Wollo, a zone in the country's central highlands. By providing an innovative contribution to the definition of the Ethiopian way to agrarian transformation, the analysis of the cluster-based initiatives provides insights into: the peasantry's changing role in fostering development and structural transformation, the leverage of historical legacies and international influences on the adoption and implementation of the strategy, the developmental state's practice and state-peasant relation.

KEY ACRONYMS

ACC	Agricultural Commercialization Cluster
ADLI	Agricultural-Development-Led Industrialization
AGP	Agricultural Growth Project
AISE	Agricultural Inputs Supply Enterprise
AMC	Agricultural Marketing Corporation
ATA	Agricultural Transformation Agency
CAADP	Comprehensive Africa Agriculture Development Programme
DA	Development Agent
ECX	Ethiopian Commodity Exchange
EGTE	Ethiopian Grain Trade Enterprise
EPRDF	Ethiopian People’s Revolutionary Democratic Front
ESE	Ethiopian Seed Enterprise
EPTP	Ethiopia’s Economic Policy During the Transitional Period
FAO	Food and Agriculture Organization
FCA	Federal Cooperative Agency
FDRE	Federal Democratic Republic of Ethiopia
FSP	Food Security Program
GDP	Gross Domestic Product
GoE	Government of Ethiopia
GTP	Growth an Transformation Plan
IAIP	Integrated Agro-Industrial Park
IMF	International Monetary Fund
IP	Industrial Park
MFI	Micro Finance Institution
MoANR	Ministry of Agriculture and Natural Resources
MoARD	Ministry of Agriculture and Rural Development

PADETES	Participatory Demonstration and Training Extension System
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PIF	Ethiopia's Agricultural Plan of Investment Framework
PFP	Policy Framework Paper
PRSP	Poverty Reduction Strategy Paper
PSNP	Productive Safety Net Program
RUSACCO	Rural Savings and Credit Cooperative
SAP	Structural Adjustment Program
SDPRP	Sustainable Development and Poverty Reduction Program
SNNPR	Southern Nations, Nationalities and Peoples' Region
SSA	Sub-Saharan Africa
TGE	Transitional Government of Ethiopia
TPLF	Tigray Peoples Liberation Front
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
USD	United States Dollar
WB	World Bank
WDR	World Development Report
WTO	World Trade Organization

INTRODUCTION

The peasantry of developing countries is currently undertaking an intense change process, shaped by the combined interaction of a multidimensional range of global and local factors. These changes have been analyzed from different perspectives and with different approaches that overwhelmingly share a common interpretation of the current period as having a heavy impact on the peasantry. This phase places peasantry and the governments of agrarian-based developing countries, before a set of challenges and opportunities to be faced and seized. On the success or failure of the strategy created to adapt to these changes, lays the foundation of the future of peasantry, and the state itself.

By selecting the case of Ethiopia, the objective of this study is to explore the major dynamics of agrarian change that have been unfolding lately, and to outline the fundamental elements of its strategy for agrarian transformation. Since the establishment of the current form of state and government, Ethiopia has outperformed its neighboring countries in terms of economic growth and development. Even though the country started from a very negative situation, the trajectory undertaken by the Ethiopian Government has exceeded expectations and attracted the interest of a sound group of economists and development study scholars. In keeping with a mainstream approach to agrarian transition, since its inception the trajectory attributed considerable political and economic importance to the agricultural sector transformation project, which was to be achieved mainly through a rapid development brought about first and foremost by the smallholding peasantry. In spite of the progress achieved, the small-scale farming community still holds a fundamental role in the current industrialization and economic structural transformation process being performed by the country. Thus the definition of the Ethiopian strategy fundamentals is expected to provide useful insights for the investigation of the major dynamics of the present day agrarian transformation, with a particular focus on: impact on, and changing role of, smallholding peasantry; and the interaction of international influences, and local and political determiners.

The study of African peasantries and agrarian capitalism development often encompasses the understanding of social and political contradictions that have ensued from colonial and post-independence disputed land reforms, and state- and nation-building processes. Concerning the Ethiopian case, the absence of a colonial domination period has not prevented historical legacies from influencing and shaping contemporary socio-economic, as well as political relations, in the rural contexts. In fact, the access to, and control of land has constituted a defining factor of agrarian relations among peasants, communities and state actors in modern Ethiopian history. Many authors and scholars indeed, gather on the assumption that the ability of both the Imperial and the Derg regimes to assume and hold power has

been strongly affected by their capacity to control the land.¹ (Chinigò 2015; Clapham 1988; Dessalegn 2008b; Markakis 2011).

«Land hunger» was the main driver of the territorial expansion realized by the late 19th century northern kingdom, which led to the creation of the Ethiopian Empire (Markakis 2011: 27). In collaboration with local chieftains, northern settlers evicted southern populations from their land and imposed a land-tenure system that ensured the central government surplus extraction from, and political control of, the country peripheries. At the same time, the «fluid land-tenure system» that ruled the central-northern rural space was mainly characterized by a combination of land-use and fief-holding rights that demarcated social differentiation lines and secured the ruling elite's political and economic primacy (Hoben 1973: 13). The processes of state bureaucratization and modernization implemented in the second period of Haile Selassie's reign established private property rights, and improved state administration capacity to collect taxes and to grant and withdraw land rights (Crewett *et al.* 2008). Ultimately, during the Imperial period, access to land was strongly influenced by political power imbalances; overall, peasants did not hold enough power to effectively claim land rights and, especially in southern territories, they were subject to growing exploitation and arbitrary power from northern settlers.²

The unbalanced distribution of powers - deeply rooted in agrarian relations and institutionalized in the land-tenure system - and its negative effects on the agrarian economy, were among the most pressing claims of the 1974 revolution that brought to the consolidation of the Derg regime. Thereafter, the 1975 land reform constituted the first step toward the implementation of agrarian socialism: it abolished landlordism and dismantled the local gentry in view of the replacement of the exploitative imperial agrarian relations with equal access to cultivation land (Dessalegn 2008b). According to the new agrarian system, every peasant was legitimated to claim land for cultivation, and decentralized structures of administration established at community level were expected to ensure the effective implementation of the principle of egalitarianism (Clapham 1988). Notwithstanding, the new setting did not change the uneven distribution of powers but, conversely, it deepened peasants' subjugation to the state authority. As chapters 2 and 4 will describe in a more detailed form, the revolutionary system of tenure complemented other institutional reforms that expanded the mechanisms of economic exploitation and socio-political control of the agrarian society. Ultimately, in spite of the radical change generated, the new institutional setting perpetuated mechanisms of peasants' domination, which again constituted a core revendication topic in the events that led to the establishment of the Federal Democratic Republic of Ethiopia by the early 1990s.

¹ - See Clapham (1988); Dessalegn (2008b); Markakis (2011); Chinigò D., *Governance of the Land and Decentralisation in Ethiopia: Case Studies from Siraro and Deguna Fanigo*, PhD thesis in International Cooperation and Sustainable Development Policies, Alma Mater Studiorum Università di Bologna, 2011.

² - Chinigò *op.cit.*

Therefore, despite this work embarks on an analysis of present day directions and mechanisms of agrarian transformation, in order to inform a comprehensive description and a complex interpretation of the topic, in the concluding sections of chapter 4 prominently the subject is approached from a long-term perspective. It is indeed worth acknowledging here that the configuration of agrarian relations, the economic performance of the agricultural sector, the smallholding peasantry involvement in the agrarian transition process, and the question of land access and use have always been determinants in modern Ethiopian history. These evidences validate the objectives of this study and emphasizes its significance, for it proposes a delineation and interpretation of present day mechanisms of agrarian transformation as core determinants of the political-economic trajectory of the current government.

The study is divided into four chapters. The first chapter aims to provide a useful theoretical framework to understand the major dynamics involved. The first part analyses the relevant literature from the studies on peasants and agrarian change, it explores the classic and contemporary definition of peasantry, it analyses the origin of the agrarian question debate, and provides a brief presentation of the main strategies for agrarian change. The second part of the first chapter analyzes the debate on the changing role of peasantry in developing countries in the past few decades. The third part explores some of the fundamentals of the mainstream strategy for agrarian transformation in developing countries, associated with the creation of spatial development initiatives and clusters to foster farming value chains.

The second and third chapters retrace the trajectory of economic, rural and agricultural development policies undertaken by the government of Ethiopia since its establishment in 1991. The chapters are intended to explore the multidimensional and changing roles assigned to agriculture and smallholding peasantry through the decades, its partial alignment with the mainstream agrarian transformation model, and the international and domestic influences affecting its establishment process. The presentation follows a combined thematic-chronological order, to provide a relatively complete analysis of the most relevant policies, events and transformation that have taken place in rural areas. In particular, the second chapter analyses the first decade of transition from the Derg regime to the current forms of government and state, and the second decade of consolidation of the developmental state. The third chapter analyses the most recent period that is being shaped by the planned structural transformation of the economy, and the major evolutionary trends that are influencing agriculture and peasantry. As part of this trajectory, the cluster approach appears to be the leading strategy for agricultural and agrarian transformation with an impressive potential for change.

The fourth chapter offers a groundbreaking empirical analysis of the process of implementation of agricultural clusters in Ethiopia. The fieldwork, carried out in 2016 in South Wollo, a zone in the central highlands, provides innovative evidence on the most recent evolution of the Ethiopian agrarian transformation strategy. Following an explanation of the setting of the study and of the main evidence gathered case by case, the aggregated data is discussed in light of the core fundamentals of the Ethiopian developmental state project and interpreted from a long-term perspective. The South Wollo cluster

analysis reveals elements of both continuity and rupture with the government of Ethiopia's trajectory, and indicates the reappearance of historically embedded strategies for agrarian transformation and state-peasant relations. Hence, the study provides unique and up to date evidence that provides useful empirical data on the role and implementation process of agro-based clusters in developing countries, and provides useful findings for the international debate on the changing role of peasants in these same countries.

This work concludes the 3-year research carried out at the University of Bologna to attain the PhD in Global and International Studies conducted under the supervision of Prof. Mario Zamponi. The research has benefited from the special contribution by the Department of Social Anthropology of the Norwegian University of Science and Technology, Trondheim; where I had daily exchanges with scholars with long-standing research experience on issues of agrarian change in South Wollo. Their amazing knowledge on the selected context has been vital towards developing an effective research methodology, and to understand the fundamental elements at stake. During the fieldwork that was conducted in Ethiopia in 2016, primary and secondary data were gathered from various governmental offices: the Ministry of Agriculture and Natural Resources, the Agricultural Transformation Agency, the Federal Cooperative Agency, the South Wollo Office of Agriculture, and other *woreda* and *kebele* level offices. The fieldwork was performed with the precious support of the College of Agriculture of the Wollo University, and more detailed methodological remarks can be found in chapter 4. Relevant contributions were also provided by representatives of the Ethiopian desks of FAO, UNIDO and Agenzia Italiana per la Cooperazione allo Sviluppo; and through personal communication with international experts and scholars that has taken place during the three-year period.

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CHAPTER ONE – PEASANTRY IN THE XXI CENTURY

Peasant is not a univocal term. The first appearance of the English word “peasant” occurred in late Medieval times, when a ruling elite settled in developing urban areas expressed the need to differentiate itself from the majority of people living in the countryside. At the time, the term referred to a diversified group of people living off the land, rural residents, rural poor people, agricultural workers, but also serfs and “simple” people with no specific connection to land and agricultural activities. While differentiation was the main purpose for which the term was coined, subjugation was the main aspect which defined that differentiation. Actually, the verb “to peasant” was used to describe an unequal power ratio between men or women, where one dominated over the other. Its derogatory nature was not an exclusive feature of the English language: very early on the French term “paysan” and other similar Latinate and Anglo-Saxon forms of the term were used to connote rustic, ignorant, criminal, stupid, villain and other similar negative meanings (Edelman 2013).

That implication lasted through the centuries and influenced both the origin and the subsequent development of studies on peasantry and peasants. In modern times, the distinction between “traditional” and “modern” has influenced a broad set of social, political, economic, anthropological analysis of rural populations and areas. Betrayed by their legacy, peasants - the poorest, most backward and most numerous portion of the nations - were considered as a hindrance for the cultural and economic development of society. Most of the intelligentsia of the industrialized, growth-oriented and urban-centered Central and Western Europe - who were the first to address a systematic study of peasantry - was consequently shaped by that conceptual dualism. This entanglement was also easily noticeable in most of the ideologies and political doctrines which arose between the XIX and the XX centuries. The flourish of populism, socialism, nationalism and modernization theories both engendered and was the consequence of the claim for reversal of the unequal power ratio endured for centuries in Europe. The Western social researchers who first addressed the issue in sociological, anthropological, economic or political terms, «found themselves conceptually handicapped by the prevailing dualism of ‘pre-industrial’ or ‘primitive’ versus ‘industrial’ or ‘modern’ societies» (Shanin, 1971: 289). The conceptual framework at their disposal was, indeed, markedly conveyed by the mainstream narrative of development based on the values of Western industrialized and democratic countries.

In this chapter I will outline the theoretical debate encompassing this work. I will first address the origins of the studies on peasants, the theoretical framework of the classic agrarian question, and the main theoretical issues that arise from the debate on the agrarian transformation process. In the second part, I will outline the main elements of change for the peasantry nowadays, the most relevant global trends, and the theoretical debate that arises from the analysis of these factors. In the third and last part, I will outline the cluster theory, an agricultural transformation strategy that aims to adapt and integrate the

peasantry in these global dynamics of change. As I pointed out in the introduction, in view of the definition of the ongoing agrarian transformation process, the creation of agricultural clusters in Ethiopia constitutes the focus of the empirical-based analysis presented in this work; the third part of this chapter will provide useful insights into the cluster theory, its rationale, its success determiners, and the implications for public policy.

1. Peasant Studies and Agrarian Transformation

The first studies related to peasantry and peasants to be published in English were not able to transcend the narrative of the “primitive societies”. Nonetheless, the increase in interest in developing societies that marked the post-World War II period, promoted a conceptual rethinking of the terms of analysis. This was brought on by the need to better understand the development problems and prospects of the poor and newly decolonized countries, where peasants were the undisputed protagonists of the social, economic and political scenarios. The first studies on classic agrarian political economy represented important theoretical frameworks for the investigation of these issues, and for the definition of determinist theories and models of development. The affinity with Marxist studies turned out to be conceptually relevant mainly because of the similarities between the pre-capitalist agrarian systems studied by Marx, Lenin, Engels, Kautsky, Preobrazhensky, and those found in developing countries immediately following decolonization. The successful resurgence of theories and models of classic agrarian political economy among the rising studies on peasant and agrarian change was also fueled by the loud international echoes of numerous experiences around the world, where peasants played the main role in the struggle against Western capitalist imperialism.³

While Marxists provided the ground-breaking analytical suggestions and insights for the development of studies on agrarian societies in the 1960s, the role played by peasants in worldwide experiences of national liberation and the constraints to the industrialization of poor and mainly rural-based countries, revealed the quest to overcome classic Marxism. In this regard, Moyo recently pointed out the relevance of the national quest for sovereignty in the analysis of the classics, discussing the Eurocentrism and industrial-biased focus of the mainstream debate in peasant studies (Moyo *et al.* 2013). Peasants needed to be at the center of attention not only within European borders, for their position in the transition to capitalism, in socialist primitive accumulation and in the class struggle with an emerging bourgeois democracy. Rather, as it became obvious from the Maoist experience, a new version of peasant studies was needed, that could engage effectively with the evolution process that was taking place in developing

³ - Bernstein (2009) reminds revolts in Mexico, Russia, Eastern and Southern Europe, China Bolivia in the 1950s, Vietnam and Algeria between the 1950s and the 1960s, Peru in the 1960s, Mozambique in the 1970s and Nicaragua in the 1980s.

countries: new forms of agrarian transformation, new models of development and new claims for democracy and independence coming from the countryside (Bernstein, Byres 2001).

Hence from the 1960s, peasants started to be considered as one of the main structural reasons for the underdevelopment of those countries. New analytical terms were thus needed in order to approach the complexities of unexplored contexts. Contributions gathered from multidisciplinary researches, with a focus on sociology, anthropology and politics. In 1972, the spreading academic interest led to the organization of a Peasant Seminar at the University of London. The seminar was held in order to provide a stimulus for those major agrarian change issues that were attracting increasing interest, after being largely neglected and inadequately researched for so long; «[t]hose issues concerned peasantries and their social structures; the nature and logic of peasant agriculture; peasantries and their moral communities; and peasants and politics» (Bernstein, Byres 2001: 2). The seminar also gave birth to the *Journal of Peasant Studies*, a periodical that for decades has contributed greatly to the theoretical enrichment, and academic institutionalization of the studies on social and political structures and transformation process of peasants and agrarian societies in the developing countries.

What the flood of new monographies and publications in the *Journal* and beyond preeminently revealed, was a widespread disagreement on the very core of the topic: what is a peasant and what are peasants. Different analytical purposes, ideological traditions and practical consequences were at the base of these divergences. At that time, one of the most interesting attempts to retrace the leading traditions of studies which analyzed peasantry as a specific type of social structure was provided by Shanin in the early 1970s. Within this conceptual framework Shanin pointed out four major lines of thought: «the Marxist class theory, the ‘specific economy’ classification, the ethnographic cultural tradition, and the Durkheimian tradition» (Shanin, 1971: 291). According to the British sociologist, scholars who followed the Marxist tradition tended to study the peasantry in terms of power relationship, within a two-class model of society. Peasants were considered the leftovers of suppressed and exploited producers from pre-capitalist societies, with the agricultural surplus expropriation imposed by a powerful minority being their recurrent and distinctive feature. Within the specific economy classification, Shanin included all those scholars – mainly economic anthropologists like Polanyi and Dalton, reminiscent of Chayanov’s earlier work (Bryceson 2000a) – who viewed peasant social structure as being characterized by a specific type of economy. The distinctive feature of that type of economy was the consumption-based family-farm, able to provide its components with a self-sufficient means of subsistence. The third tradition is linked to the literature of Eastern European ethnography and traditional Western anthropology. It makes reference to the literature which tended to envision peasants as representatives of an earlier national culture which lagged behind the rest of contemporary society. Lastly, the Durkheimian tradition - which includes most American anthropologists including Kroeber and Redfield - tended to see peasants in an intermediate position between the closed and self-sufficient sections of “traditional” societies, and the organic and functional sections of “modern” societies.

There are two main reasons whereby the proposed classification provides a useful framework to help understand the conceptual context which characterized the birth and growth of social studies on peasantry and peasants. First, Shanin demonstrated how pervasive and influencing primitive/modern dualism was in its approach to those research topics. Second, he pointed out both the divergences and the shared features among different lines of thought developed so far. As reported, each approach tended to associate different meanings to the peasant concept, but all of them generalized certain facts or characteristics in order to define peasantry as a social type.

Obviously, the kind of generalization which appears here may lead to simplified interpretations. As a matter of fact, it is worth acknowledging that the concept of peasantry has not constituted a homogeneous axiom, not even in the first social studies of Marxist tradition. Recalling Lenin's differentiations within the toiling peasantry - the small-peasantry, the semi-proletarian or parcelised peasant and the agricultural proletariat with a wage - Mintz (1974) underlined the heterogeneity of the term peasantry, claiming that nowhere do peasants form a homogeneous mass or agglomerate, but are always distinguished by multiple forms of internal differentiation. Furthermore, Eric Wolf claimed that peasants were typically divided into three types of domain (patrimonial, prebendal and mercantile) who could have coexisted in the same social order (Wolf 1966).

Therefore, internal differentiations have not been overlooked in defining the essence of the peasantry as a social type. In the cases reported here, differentiations were pointed out as a sign of the changing stages of industrialization in the first example, as the result of political pressures and the historical context in Mintz's case, and as shaped by relations of economic ownership by Wolf. *De facto*, homogeneity was seldom claimed, even in the first studies on peasants, demonstrating the complexity and multidimensionality of the concept. Thus, rather than aiming to give a picture of a homogeneous social group, the call for "peasantness" (Hobsbawm 1995) - quite widespread among the first studies on peasantry and peasants - was mostly intended to create sociological generalizations to be used as a paradigm for the analysis. After all, «a sociological generalization does not imply a claim of homogeneity, or an attempt at uniformity» (Shanin, 1971: 291).

1.1. Peasants and Peasant Studies

One of the main contributions to the theoretical and methodological debate that fuelled the beginning of the new peasant studies, was the first English translation of Chayanov's book *The Theory of Peasant Economy* in 1966. The revival of the book which was written in the 1920s has to be placed within a process of conceptual rethinking which sought to deviate from mainstream thought. Hence, at the time of its first publication, Chayanov's "peasant economy" represented one of the first and most debated cases of detachment from mainstream Marxist thought that was shaping the studies (and politics) of Russian agrarian society in the first decades of the 20th century.

Chayanov was among the first to claim that peasant societies and economies were not to be observed through the lens of classical economics based on capitalist production relations. Chayanov's study focused on the description of the nature and logic of peasant agriculture according to new analytical terms, and the explanation of the essence of peasant farm organization as something able to subordinate the whole system of capitalist economy. As a consequence of his empirical studies of peasant farms carried out mainly in Russia, he remarked that peasant economies were composed of family economic units unaffected by the dynamics of hired labour. According to him, «the family labor product was the only possible category of income for a peasant or artisan labor family unit» (Chayanov, 1966a: 5). Therefore, rather than being studied in capitalist-related terms of wage, interest, rent and profit, the peasant farm had to be considered as a special organizational form where the amount of labor product is mainly affected by the size and composition of the working family, the ratio of working members, the productivity of the labor unit and the degree of self-exploitation of the workers (expressed in terms of labor-consumer balance, the balance between the satisfaction of family needs and the drudgery of labor) (Thorner 1966). Consequently, he reflected upon the relationship between family size and “sown area” in the search for the “optimum size” (Kerblay 1966), initiating the rise of an intense theoretical debate between neo-classical and structural approaches, with widespread practical evolutions of various development theories, some decades later.

Another important intellectual stimulus to the emerging peasant studies came from the publication of Eric Wolf's studies on *Peasants* (1966) and *Peasant Wars of the Twentieth Century* (1969). As claimed by Bernstein and Byres, together with Barrington Moore Jr.'s work on *The Social Origins of the Dictatorship and Democracy. Lord and Peasant in the Making of the Modern World* (1966), Wolf's writings constituted and inspired major forms of critical dissent from the mainstream American academy of that period, whose main commitment was to highlight gaps in the habits of classic Marxism. Indeed, they embarked on historical and comparative studies of non-traditional geographical areas through a Marxist type lens, challenging the classic focus on Europe (Bernstein, Byres 2001).

In *Peasants*, Wolf's main focus was on the analysis of peasant social structure and dynamics. By using an anthropological approach that encompassed studies in Latin America and the Caribbean (mainly Mexico, Peru and Puerto Rico), he sought to describe the nature of «the majority of mankind» among different kinds of production, historical eras and social orders (Wolf 1966: vii). Indeed, he affirmed the existence of some defining common features among peasants, that is to say among rural cultivators who have lost the control over the means of production, in favour of «groups that do not carry on the productive process themselves, but assume instead special executive and administrative functions» (Wolf 1966: 3). According to his statements, the process of functional division of labour between

farmers and rulers, which he names «civilization», distinguishes the «peasants from the primitives».⁴ The passage from rural farmers to peasants is closely connected to the creation of a surplus value system. In peasant societies, the surplus production goes beyond the replacement and ceremonial funds, the former intended to ensure production and reproduction for the household, and the latter to fulfil social responsibilities connected to living in the community. Peasants are distinguished from primitive farmers by the production of a «fund of rent», namely a fund that in various forms is transferred from the «source of labour and goods» to «someone [who] exercises an effective superior power, or *domain*» (Wolf 1966: 10). Addressing the peasant as an economic agent and at the same time as the head of a household – with particular reference to Chayanov’s concepts and works⁵ – Wolf approached the study of peasants in different forms of domain, forms of trade, social orders and relationships.

Barrington Moore Jr embarked on a study about the different roles played by classes of rural dwellers in the process of state formation in modern times (Moore 1966). His analysis was intended to demonstrate, within this process, the importance of the struggles between agrarian power- and landholder classes and the subordinated peasantry. Going beyond the classic European focus, Barrington Moore Jr concentrated on the experiences of the UK, France and Germany, as well as Japan, US, China and Russia, and produced an historical and comparative study of the industrialization process in these countries. His work demonstrated that the structure and nature of the agrarian societies had an influence on the outcome of the transition to modern and industrial states. Particularly, from his historical analysis peasantry (as a class) proved to have played a leading role in the development of industrialized societies in the case of Russia, China and (marginally) France. Thereafter, pointing out the close relationship between the industrialization process and the transition to democracy, Barrington Moore Jr claimed the need to envision peasantry as a decisive force in both an economic and a political sense.

Another important contribution to the theoretical debate that characterized the birth and origins of the studies on peasants came from Teodor Shanin (Shanin 1971). Aiming to transcend the classic primitive/modern dualism and in order to formulate a sociologically comprehensive and generalizable definition of peasantry, Shanin defined peasant society as a specific type of social structure composed by four essential inter-linked facets. First, the peasant family as the basic unit of a multi-dimensional social organization; second, land husbandry as the main means of livelihood for the consumption-based peasant family; third, a specific traditional culture related to the way of life of small village communities characterized by regular personal contact, lack of anonymity, high level of homogeneity, mutual identification, ideological solidarity and egalitarianism; fourth, the «underdog» position, that is to say,

⁴ - He does not accept the narrative of “tradition against modernity”, notwithstanding he includes in his analysis both the social and «ideological» orders to which peasants partake, the latter being conceived as an order of symbolic understandings consisting of acts and ideas, of ceremonial and beliefs with expressive and coping functions for the peasant and its community (Wolf 1966: 96).

⁵ - He also identified «the perennial problem of the peasantry» as the search for the balancing of the multifaceted «demands of the external world against the peasants’ need to provision their households» (Wolf 1966: 15).

the subjugation to powerful outsiders. Subsequently, he also claimed that, since the peasant economy is characterized by a low level of institutional specialization that differentiates it from the free-market economy - that is to say that social units coincide with economic units -, «the specific *modus operandi* of the peasant family farm places in doubt the usefulness of economic models rooted in the reality or the assumptions of a free market» (Shanin 1973: 72). Therefore, according to Shanin, non-economic factors had to be included in the study of the peasant economy.

The abovementioned scholars and their works should be here considered for their extremely innovative propositions, and for the contribution they brought to the definition of a conceptual framework for the emerging peasant studies, responding to the quest for new terms of analysis in the study of new issues and patterns of agrarian transformation. Their main innovation partakes to the fact that they considered the peasantry as a «closed» social group (Wolf 1986) in which members share some common and defining characters. These characters constitute the core of peasant essence that express a distinctive internal logic, no matter whether cultural, sociological, economic or in some combination. The forms of interaction and exchange that such a powerless social group have with other actors, cannot but reflect its subjugated position and result in various forms of oppression and appropriation external to the inner essence (Bernstein, Byres 2001).

The acknowledgement of the existence of some kind of peasantness was afterwards defined as peasant essentialism. As noticed, most of the aforementioned definitions were influenced by methodological essentialism, for they tended to define the concept of peasantry through the indication of some distinctive characters. In the highly-politicized context that characterized the period of origin of the peasant studies (mainly associated to the latest interest on developing countries), methodological essentialism was sometimes associated to varieties of populism that resulted in the celebration of the resistance of peasants and peasantness from the modern legacies of its traditional subjugation and from tendencies of disappearance engendered by different external pressures (Alavi 1973; Meillassoux 1973; Mintz 1973; Hobsbawm 1973). With specific reference to developing countries, the influences of populist ideological stances inspired the formulation of theories of development focused on the support of agriculture, and in particular of peasant economy, for the overall economic growth.

At the dawning of the studies on peasants, essentialism was challenged by alternative approaches inspired by, and aspiring to a materialist political economy of agrarian structure and change, basically resurged in the 1960s.⁶ These latter approaches tended to analyze peasantries through their locations in different historical and economic contexts, as shaped by different modes of production and embedded in different social formations. Instead of focusing on distinctive and common traits of peasantries in different historical, cultural and economic environments, these approaches considered the peasantries

⁶ - For a presentation of the most appreciated applications of the materialist approach to issues of agrarian change, in the *Journal of Peasant Studies*, see Bernstein, Byres (2001).

as constituted through their relations with other classes and entities. In opposition to the external oppressions that put a challenge on the core of the (essentialist) peasantry, these alternative approaches looked at the processes of internalization of such entities in diverse social and economic arrangements of peasant life, as constitutive dynamics of the peasantry. These materialist approaches mainly observed agrarian structures and society as featured and challenged by power relationships between classes and different modes of production. It is through this critical study method that some of the most enlightening interpretations of patterns and trends of agrarian change have been drafted, among both the classic and the contemporary scholars. The synthesis of the classic theoretical debate on the agrarian political economy is now presented, in order to uncover the historical and conceptual underpinnings behind some of the most successful critical perspectives of contemporary agrarian change.

1.2. The Classic Agrarian Question

The theoretical debate on classic agrarian political economy focused on the definition and overcoming of the obstacles posed by the agrarian societies and economies to the «overall development of either capitalism or socialism [...] in a particular national social formation» (Byres 1991: 10). The «continuing existence in the countryside of a poor country of substantive obstacles to an unleashing of the forces capable of generating economic development, both inside and outside agriculture» has been traditionally defined as the agrarian question (Byres 1991: 9). In the following sections, a short review of the origins and development of the debate on the agrarian question is now presented, as interpreted by some of the main representatives of the agrarian political economy school. The chronicle of the agrarian question is a useful instrument for introducing the study of the Ethiopian pathway to development and change. From a historical perspective, the quasi-feudal administrative system under the Imperial regime had started some forms of capital accumulation and differentiation among peasants. During the Derg period, the transformation of the backward peasants into waged agricultural workers was driven by the classical mechanism of surplus extraction from agriculture, in view of the creation of an industrialized society. In the Ethiopian ruling coalition's project, the small-scale farmers are the protagonists of the envisaged structural transformation of the economy, where industrialization is expected to originate from the development of the agricultural sector and the commercialization of subsistence farming.

The agrarian question arose over a century ago, in close connection with Marx's and Marxists' studies on the genesis of capitalism. As we all know, Marx focused on the social, political and economic dynamics of development of a capitalist system of production, with the purpose of defeating and subverting it in order to create a more prosperous and equal society. Defining capitalism as a production method where capital is the principal means of production, Marx described the emergence of capitalism as an exploitative and inhumane process that changes social property relations and creates contrasting material interests between capital and labour (Preobrazensky 1965). In Marx's thought, the emergence

of capitalism was conducive of its transcending mechanisms through the creation of a working class freed from the ownership of the means of production, free to sell its labour-power, and thus able to overcome capitalism itself. In the countryside, these dynamics were hampered by the unproductive structure of the small-scale peasant producers, who combined elements of being petty capitalists and labour, thus hindering the development of a capitalist system of production, and the forces able to overturn it (Akram-Lodhi, Kay 2010).

As brilliantly presented by Haroon Akram-Lodhi and Cristobal Kay in a recent essay, in *The Capital* (1867) Marx analyzed the English enclosure model in order to explain the concepts of primitive accumulation and emergence of capital in agriculture (Akram-Lodhi, Kay 2010). In the “classic” case, described also by Bukharin and Preobrazhensky, as capitalism advanced, the expropriation of land from the small-scale agricultural producers created a class of landless agricultural waged workers who faced a class of capitalist tenant-farmers (beneath the dominant landlord class) (Bucharin, Preobraschensky 1921). The logic of primitive accumulation encloses the establishment process of social capitalist relations in agriculture (Wood 2009), which is gradual and can take differentiated and hybrid forms in different countries and eras. It is a complex process that encounters a large number and wide range of obstacles for its complete fulfillment: for these reasons, throughout the different historical eras and societies only partial and limited versions of it have been reached. Indeed, from the interaction between expropriation dynamics and the coping mechanisms of the small-scale peasant producers, the latter often ends up as a hybrid class still tied to the control of the means of production but not free to sell its labour-power. According to recent literature, this constitutes Marx’s main issue for the agrarian question: that is to say, the main obstacle for the creation of capitalist social relations in agriculture, and in turn, for the creation of the necessary pre-conditions for their subversion.

As Marx acknowledged the existence of different paths towards dispossession and primitive accumulation in different countries and eras, he also admitted the existence of multiple solutions for the agrarian question. By contrast, Frederick Engels analyzed the agrarian question embedded in the contemporary historical and political context he was living in. While Marx presented a (mainly) economic analysis of general patterns of emergence of agrarian capital and of rural capital accumulation, Engels focused his study on the contemporary political implications of the agrarian question, emphasizing the only viable solution to it: the alliance between the urban proletariat and the peasantry (Akram-Lodhi, Kay 2010). He focused his analysis on the major political effects caused by the opening of the European food markets to American, Australian and South African agricultural frontiers, as a result of imperialism. In *The Peasant Question in France and Germany* (1894) indeed, Engels argued that, due to the prevalence of small-scale peasant producers, the European food production structure was not able to compete with the cheap grain produced outside of Europe. Therefore, the internationalization of the food markets was forcing peasants to leave their land to larger-scale capitalist production (Araghi 2009).

Thus Engels interpreted the agrarian question of his time as an agrarian question for and about labour, embedded in the collapse of peasant livelihoods (the so-called “peasant question”), to be solved by the political alliance of the peasantry with the more self-conscious urban working class. The “peasant question” and the matter of the disappearance of the peasantry were reframed a few decades later within the methodological essentialism discussed above, and still constitutes one of the most discussed issues in contemporary peasant studies and studies of agrarian change concerning globalization trends.

While Engels deviated partly from Marx’s original understanding of the agrarian question, later on - in the same last decade of the 19th century - Karl Kautsky and Vladimir Lenin readdressed the problem within the classic, general and structural concern: in terms of the appearance of capital in agrarian societies, dynamics of rural capital accumulation and transformation of social property relations. As noted by Byres, with Kautsky and Lenin «the concern becomes the extent to which capitalism has developed in the countryside, the forms that it takes and the barriers which may impede it» (Byres 1991: 10). In one of his most quoted sentences, Kautsky defined the agrarian question as «whether and how capital is seizing hold of agriculture, revolutionizing it, making old forms of production and property untenable and creating the necessity for new ones» (Kautsky 1988: 12). Kautsky and Lenin shared an interpretation of the agrarian question embedded in the concept and dynamics of commoditisation of the agricultural production. According to the authors, the growth of the industrialized form of production in the countryside is responsible for the appearance of capital in agriculture through the increase of commerce and the expansion of productive relations based on market forces. The increased pervasiveness of capital- and market-led relations in agricultural production and trade entails a transformation of the peasantry into different classes. Following Marx’s thought, the petty commodity producing peasantry transforms materially and socially into a class of waged agricultural labourers, free to sell their labour-power to a capital-accumulating class (Araghi 2009; Bryceson 2000a).

The differentiation process within the peasantry is largely discussed by Lenin, whose works on socioeconomics and political sociology point out that the appearance of capital in agriculture entails the breakdown of the petty commodity producing peasantry into big landowners, big peasants, middle-peasants, small peasantry, semi-proletarians, and agricultural proletariat. As noticed by Bernstein (2010), the distinctive character of each class identified by Lenin is constituted by the degree of exploitation they are able to carry out over the others; the exploitation occurs through the expropriation in capital of the surplus value produced by the waged labourers. The appearance of agrarian capital is thus engendered – as Marx argued – by the transformation (or liberation) of the labour power of a waged class into surplus value, to be expropriated and accumulated in capital by an exploitative class (Akram-Lodhi, Kay 2010). It is worth noting that both Kautsky and Lenin admitted that these mechanisms are not structurally replicable in every country or era, and that there is not a univocal pathway for the transformation of the petty commodity agricultural producers. However, they assessed – particularly Lenin – the importance of the study of these dynamics of differentiation and change of social relations

in agricultural production as the core processes of agrarian transformation suttending the agrarian question.

1.3. The Agrarian Question and Agrarian Transition

The essays and contributions summarized briefly so far, basically shared a common practical and political aim represented by the subversion of capitalism in European countries, in the pre- First World War period. As pointed out by Byres (1991), the experience of the Russian Revolution contributed to a progression of the meaning and conceptual framework classically associated to the agrarian question. With the birth of the Soviet Union, a revolutionary party acquired the rule of a largely rural and agrarian country, with the purpose of subverting its ongoing transition to capitalism. The success of the revolution in Russia raised new questions and issues, which the classic debate on the appearance of agrarian capital and agrarian waged labour had no answer for. The conceptual framework within which the agrarian question was configured until then, evolved into historical materialism and sought to provide useful schemes and practices of agrarian transformation (Akram-Lodhi, Kay 2010). Mostly, it included issues related to the ways agriculture and the petty commodity production peasantry promoted or hindered capital accumulation within or without agriculture itself, during the structural transformation process of the economy.

This main change occurred with the so-called Soviet industrialization debate, which took place in the newborn Soviet Union between 1924 and 1928. At the time, agriculture represented the major (even though not exclusive) source of income and surplus for the national economy, and was therefore considered essential to finance the transition to socialism. Thus the debate concerned the definition of those agricultural and peasant-related policies that would have been better to promote the structural transition of the national economy to socialism: in other words, how to boost the economy, through agriculture.⁷ The debate developed around two main approaches: the first was supported by Nikolai Bukharin and endorsed by Chayanov. Bukharin's main argument was that the economic growth of the Soviet Union was to be achieved through a rapid improvement of peasants' livelihoods, by creating the commercial circumstances necessary for the better-off peasants to increase their food and non-food agricultural production (Kay 2010). According to this approach, by following this pathway, the peasant economy would have been able to create the surplus product and value needed for the cities and the industry to develop; in other words, the stimulus for industrialization would only come with the enrichment of the peasantry. The idea of enriching peasants has been contested by a second line of thought, pioneered by Preobrazhensky (1965), who viewed peasant farming and their poor productivity

⁷ - In Byres' words: «The agrarian question became, in part, a question of the degree to which agriculture could supply that surplus, the means by which the fledgling socialist state might appropriate such surplus, and the speed and smoothness of transfer» (Byres 1991: 10).

as obstacles to socialist transition. Preobrazhensky envisaged the transition to a socialist economy through the conversion of peasant agriculture into large-scale cooperatives and collective communities owned by the state where mechanization permitted higher production, and the manipulation of the terms of trade against agriculture and in favour of industry. The nationalization of the productive sectors and of all the sources lying outside the state economy represented the precondition for the actualization of the accumulation of all material resources in the hands of the state: the primitive socialist accumulation. Only in these conditions, the proletariat was considered able to seize hold of power and to create a socialist economy (Preobrazhensky 1965; Kay 2010; Akram-Lodhi, Kay 2010). According to Preobrazhensky and his supporters, this production system would have allowed the expropriation of all agricultural surplus to then use it to finance the socialist industrial sector.

Preobrazhensky contested the opponents, whose intentions were to replicate capitalist-like dynamics of surplus generation and accumulation, and to create a proto-capitalist class of peasants (*kulaks*) that would have acted for its own purposes, against the socialist transition. While Chayanov's model of peasant economy excluded this possibility by affirming that the logic of the family-farm was reproduction, not accumulation for its own sake (Bernstein 2010; Chayanov 1966b); Bukharin resolved this risk through the proposition of an alliance between the peasants and the urban working class. Nevertheless, the debate was won by Preobrazhensky and resulted in the transfer of increasing agricultural commodities and financial resources to the urban areas, at the expense of the peasantry (Kay 2010).

As observed by Byres (1991), the Soviet experience engendered an expansion of the conceptual framework that previously characterized the agrarian question. In the second half of the 20th century, the agrarian question has been revisited, broadened and re-conceptualized in different forms, as well as applied to various contexts. It was particularly revitalized for (and thanks to) the new academic and political interests in the developing countries that marked the post-WWII period. Within colonial or post-colonial rules, those almost-entirely pre-capitalist agrarian societies were to begin processes of structural transformation of their economies that represented an unmissable opportunity to understand the trends and patterns of agrarian transformation. Therefore, the studies of the classical agrarian question represented the basic conceptual framework over which new areas for development theories, as well as theories of agrarian transition were developed.

In this regard, the exchange that took place between Maurice Dobb and Paul Sweezy in the 1950s dealing with the process of transition from feudalism to capitalism in Europe, contributed meaningfully to a revival of the debate.⁸ Subsequently Hilton and Brenner endorsed the two contrasting positions,

⁸ - The controversy dealt with a classic theme in Marxist-analysis, represented by the transition from feudalism to capitalism in Europe. With reference to the English case, Sweezy supported the thesis according to which the end of feudalism was connected to the expansion of trade, on the contrary Dobb argued that the prime mover was the transformation of the relations between lords and peasants (Wood 2009).

providing a significant contribution to the study of the dynamics of property relations, class structures, relationships and struggle, in agrarian transition processes (Brenner 1976). The relationship between classes became a crucial theme in the studies of peasants and agrarian change in the second half of the 20th century. Henry Bernstein readdressed the issue by stating that in capitalist economies, production and reproduction are structured universally (but not exclusively) by class relations (Bernstein 2010). In this regard, he proposed a successful reconceptualization of the classic agrarian question through an analytical deconstruction of class relations and dynamics into three problems. The first regarded the structure and dynamics of the rural production process, classically related to the analysis of the changing relations of property and labour; the second problem dealt with the ability of agriculture to supply surplus for industrialization and structural transformation; the third problem concerned rural politics, namely the ways in which variations in the production or accumulation patterns were causing a political response by the rural dwellers.

Since its resurgence in the 1960s, the agrarian political economy dealt with three broad themes: transitions to capitalism in their original European and Russian versions; the histories of agrarian systems in colonial Africa, Asia and Latin America; the relevance of the former to the prospects and problems of industrial and national development in now politically independent countries. All these historical and contemporary concerns have been involved in (and connected by) the construction and interpretations of the agrarian question in both socioeconomic and political terms (Bernstein 2016).

1.4. Strategies of Agrarian Change

The historical-structural approaches to agrarian political economy were by far the most active and influential in the early development of the peasant studies, and before (Harriss 1982). As the implementation of the collectivization programs in the Soviet Union demonstrates, their influence went beyond the pure academic and theoretical debate, envisaging models and practices of development and agrarian change. Thereafter, the conceptualization of the agrarian question in economic and developmental terms, affected the evolution of the principles of development during the second half of the 20th century, especially in those countries that chose to embark on a transition to socialism.

Unquestionably, the development course expressed by Marxist' insights was linked to the shift from agrarian to industrial-based national economies (Bryceson 2000a), and the emergence of development economics as a distinctive area of study in the 1950s reflected such conceptual underpinnings. In that period, a model of economic development that provided an economic basis for development policies in the developing countries made its appearance: integrated with an industrialization-biased interpretation of Lewis' dual-economy model, the so-called modernization theory sought to analyze the developmental

pathway as a linear transition from a traditional economy to a modern one.⁹ In this regard, the agricultural production systems in the developing countries were described as backward sectors, and considered to have negligible prospects for an increase in productivity or growth. Since the agricultural (subsistence) sector was characterized by low productivity, its role in economic development was meant to provide manpower for the industrial (capitalist) sector. This approach gathered some insights from the classic debate on the agrarian transition, and reframed it through the primitive/modern dual conceptualization of the peasantry.

However, starting from the 1960s, a vast quantity of essays and researches were published by various social science branches, sharing the same awareness that the economic growth of an agrarian-based country could depend solely on the production and accumulation capacity of the agricultural sector, thus focusing all the attention on the latter. Of utmost importance for the success of those ideas, in 1961 Johnston and Mellor discussed Lewis' theory calling for an appropriate "balance" of resource allocation between agriculture and industry, for the development of economically poor countries. Drawing historical confirmation from the Japanese and Taiwanese experiences, they claimed that agricultural development was necessary for overall economic growth for food provision, export expansion, the transfer of manpower from agriculture to non-farming sectors, capital formation and growth of rural incomes (Johnston, Mellor 1961). Their essay initiated and fostered the birth and successful diffusion of new theories and strategies of development concerned with the role of agriculture in transforming economies, in Cold War world times and thereafter.

The proposition and application of these principles represented the space in which the classic agrarian political economy recovered, setting off a period of intense production of studies of peasantries and agrarian change in both historical and comparative perspectives. This resurgence is to be considered in dual relationship with the increase in new studies on peasants and peasants' societies, discussed above. The Marxist theory gave rise to a vast literature focused on the position of peasantries *vis-à-vis* the capitalist world market and post-colonial nation-states that covered the developing countries in the 1960s and 1970s: it is sufficient here to mention the cutting edge Banaji, Kay and Meillassoux (Bryceson 2000a). This is not to say that Marxist and neo-Marxist social scientists, among whom the debate on the agrarian question lived on for decades, basically endorsed the policies of rural development carried out through the decades in the developing countries, mainly with the support of Western donors. On the contrary, their main contributions were related to agricultural and rural development practices, which tended to be critical of those interventions, emphasizing often neglected patterns of agrarian change as an expression of unequal power relationships, class struggles, differentiation within the peasantry, labour exploitation, expropriation and dispossessions. However, there is no doubt that the

⁹ - Particularly evident in Rostow's book *The Stages of Economic Growth: a non-Communist Manifesto* (1960).

implementation of such mainstream theories of development represented an essential space for debate, that basically permitted the agrarian question narrative to survive.

In post-World War II, the political economic directions that undeveloped and developing countries undertook, were influenced heavily by the worldwide competition between two ideologies rooted in the United States of America and the Soviet Union. In mostly-agrarian societies, the competition concerned mainly the ways the economic growth had to be supported and achieved, and the main subjects of discussion concerned land tenure systems, agrarian reforms, property rights, the optimal farm size, and the role played by the state in regulating the markets. Very briefly, the mainstream theories and practices of agrarian change adopted in the post-WWII period, evolved as follows: in those countries that were in the early stages of capitalist development between 1950s and 1960s (Byres 1982), a “bimodal strategy of agrarian change” focused on the crash modernization of the agricultural sector through the concentration of resources in a highly commercialized subsector of capitalist farming (Johnston, Kilby 1982) was widely pursued, in accordance with the classic conceptualization of the agrarian transition which sought to extract surplus value from agriculture in order to feed industrialization. In the following decades, gathering evidence from the successful green revolution carried out in East and South Asia, among the studies of agrarian change many authors contested this mainstream strategy and contributed to a paradigm shift toward the neo-classical model, according to which peasant farmers are rational economic agents making efficient decisions (Schultz 1964; Williams 1982), and toward policies for agricultural transformation associated mainly with the diffusion of improved farming technologies (Timmer 1988). These neo-populist approaches argued against the “urban bias” of the most diffuse approaches to agrarian change (Lipton 1982), supported the existence of an inverse relationship between farm size and productivity, and informed the emphasis on land reform and distribution (Harriss 1982). Subsequently, the focus was on increasing yields on efficient small farms connected to integrated projects of rural development, for poverty alleviation (Chambers 1983) and empowerment (on the legacies of Sen’s “capabilities”) that afterwards encompassed bottom-up, grassroots and participatory methods. The implementation of rural development policies was then connected to Washington and post-Washington consensus principles, environmental sustainability and gender-related inequalities.

From an historical perspective, agrarian transformations have emerged as the processes of change of prevalent agrarian patterns, in turn grounded on property relations, division of labour, land tenure, power relations, peasants’ mobility, class structures, farm size, farming practices and market relations. With regard to these factors, the complex and rapid evolution that the global peasantry and agrarian systems were subjected to in the second half of the past century, has been studied from several prospects and different views. The historical-structural approach to agrarian transformation inspired by Marxists and neo-Marxists constitutes just one of the lines of thought through which the issues have been studied; undoubtedly it has been, and still is, the most complex, active and critical in terms of its theory, but also of great inspiration for alternative experiences of rural development. For these reasons, the contribution

of this doctrine to the birth and success of the peasant studies and studies of agrarian change has been acknowledged and explained in the short resume of the classics proposed in the previous paragraphs. Of utmost relevance to this study, the classic agrarian question sought to identify the major obstacles to the development of mostly-rural societies and economies, and it constitutes a useful tool of analysis of the major changing trends currently faced by the peasantries of the developing countries. As the following sections will explain, it is indeed within this tradition that some of the most reliable studies on the transformation of the global peasantries have appeared lately, and have proposed thoughtful interpretations of the most relevant current trends. Nevertheless, as issues and researches broaden, and subjects of analysis become more complex, the historical-structural approach appears to be limited in getting the broad picture. Therefore, the analysis will not abandon the analytical and methodological tradition by which the peasant studies have emerged, but will overcome its limits by covering different themes and methods and encompassing more recent evolutions.

2. *The Peasantry Today*

Peasants and peasantries are today at the centre of a multidimensional global transformation process. Some of the most pressing challenges are to be attributed to rapid demographic changes, among which population growth is a main factor, and is particularly relevant in developing countries. According to World Bank (WB) data,¹⁰ since 1960 low- and middle- income countries have almost tripled their population from 2.27 to 6.31 billion (2017), currently experiencing a 1.24% of annual growth. Significantly lower growth rates have occurred in the high-income countries that have shifted from 758 million in 1960 to 1.19 billion in 2017, and that are currently experiencing a 0.44% growth rate. Again, growth rates increase among the poorest of the poor: with a total population of 673 million, low-income countries experiencing the current highest population growth rate are scoring 2.67%. Despite the highly questionable composition of these categories, data show clearly that population growth is progressing rapidly, especially in those countries that have lower economic performances. Projections for the future are in line with these trends and, for 2050, the projection is for a total world population of 9.7 billion, again unevenly divided between low- and middle-income, and high-income countries, respectively 8.4 and 1.2 billion.

The relationship between population growth and agriculture constituted the worthy argument of discussion between Ester Boserup (and her followers) and neo-Malthusian scholars. The core of the debate centered on the direction of the causal relationship between the two variables (Boserup 1965).

¹⁰ - Data and projections from: <http://databank.worldbank.org/data/reports.aspx?source=Health%20Nutrition%20and%20Population%20Statistics:%20Population%20estimates%20and%20projections#>

Indeed, the Danish economist and her followers interpreted population growth as the independent variable, responsible for the intensification of farming practices, the spread of new technologies, and the development of the agricultural sector in general (Tiffen, Mortimore 1994). By supporting this thesis, she was arguing against Malthus and neo-Malthusian authors who tended conversely to interpret population pressure as the result of changes in agricultural productivity, in turn determined by unrelated factors. Boserup promoted a positive approach to population growth which supported the optimistic view of technological change in agrarian societies, and which supported the project of the Green Revolution.

Lately, peasant studies and studies of agrarian change have questioned these optimistic interpretations of population growth by denouncing the negative effects of its growth rate, with regard to the unsustainable increased global demands for food, water, energy and (obviously) welfare services. As far as this study is concerned, sub-Saharan Africa (SSA) is among the leading areas of the world, in terms of population growth. Its population is currently increasing at a 2.67% rate: in 1960, its total population was 228 million, it has now reached 1 billion (2017) and it is expected to double in the next 30 years, to 2.2 billion in 2050.¹¹

The need to respond to expanded and diversified demands are rapidly transforming the forces and relations of production and trade of African countries, engendering structural transformations of economies and societies. High rates of population growth are particularly relevant in the rural areas of the continent for two main reasons: first, increasing demands for food and agriculture-related commodities require greater efforts by the rural producers to be fulfilled; second, since the majority of SSA people still live in rural areas (646.5 million people, 61.2% of the total),¹² population growth raises the competition for natural resource accessibility and utilization, in turn causing a transformation of the related political, economic and social relations.

It is just worth mentioning here one of the most striking problems brought on by population growth: the land question. In SSA, population pressure over land generates deep changes in peasantry production, distribution and consumption relation. Some of these consequences are already observable in the ongoing shrinking size of many farms, land degradation and diffusion of unsustainable forms of agricultural intensification, the rise of land markets, rapid changes in farm structure, increasing difficulties in achieving broad-based and inclusive forms of agricultural growth (Jayne *et al.* 2014). It is also worth remembering that land in SSA is not just about production and reproduction. Land in SSA is a multidimensional mix of relations with power, identity, interests, custom and value, «(l)and issues are often not about land only» (Lund, Boone 2013: 1). The study of the Ethiopian case will demonstrate the

¹¹ - <http://databank.worldbank.org/data/reports.aspx?source=Health%20Nutrition%20and%20Population%20Statistics:%20Population%20estimates%20and%20projections#>

¹² - *Ibid.*

ways peasant societies are connected to land, how land is embedded in the political course of the country and how its importance transcends its productive and reproductive role. These factors must be taken into consideration in order to understand the change processes generated by population growth so far, and in looking ahead to the implications of population growth over land in SSA in the future. As pointed out, population growth represents one of the most striking factors of global change nowadays: land, as well as other aspects of rural landscapes of developing countries are being greatly affected.

Another present day demographic change with wide scale tangible relevance for rural SSA and developing countries is urbanization. This longstanding global process that characterizes largely a vast part of the developing countries is remarked once again by WB data and projections.¹³ In 1960, world urban population consisted of 33.6% of the total, today this share amounts to 54.7% and projections foresee a 66% share for 2050. As for population growth, the transformative effects of urbanization are more relevant in low-income countries than in high-income ones (Cohen 2004), because of less industrialized initial scenarios and higher rates of growth of the former. Starting from a 24.1% baseline in 1960, urban population in low- and middle-income countries is now growing at a 2.3% yearly rate, it is expected to exceed the rural one for the first time in history in 2018, and forecasts expect a 63% rate for 2050. Higher urbanization rates are found in high-income countries, now scoring a 0.7% annual growth: in 1960 urban population was 63.8% of the total, it has now reached 84.5% and estimates foresee a small increase in the following decades, up to 87% in 2050.

As far as SSA is concerned, urbanization is a particularly relevant phenomenon, undoubtedly boosted by the detrimental effects of climate change (Barrios *et al.* 2006): urban population is currently growing at 4% per annum, in 1960 urban dwellers constituted the 14.6% of the total population, it is now estimated at 38.7% and it is expected to reach 54.6% in 2050. The migration process of people from rural to urban areas represents an important opportunity for social and economic development in SSA countries. It is indeed assumed that, if well managed, high population densities in urban areas allow for lower per capita costs of providing infrastructures and basic services like transportation, education, health, sanitation and electricity (Cohen 2006). Urban centers allow for better management of social services and integration, crime control, political participation and labour specialization. However, as the reality of many SSA cities demonstrates, unsustainable and unequal management of urban development is very likely to produce social marginalization and economic poverty, where even food security is hampered by the lack of available means of subsistence and can be aggravated by ineffective connections to the agricultural markets.

For the above reasons, urbanization needs a comprehensive understanding and efficient management in order to keep negative effects under control. Moreover, it is worth acknowledging that urbanization constitutes just one side of a wider process of inner migration that concerns contemporary SSA

¹³ - *Ibid.*

economies and societies, which is multidirectional and responsible for numerous multidimensional effects. Again, evidence shows that urbanization concerns mainly small and medium size towns, therefore producing a widespread convergence between rural and urban spaces, economies and lifestyles as well (Cohen 2004). In the fields of peasant studies and studies of agrarian change, the mutable and intersectoral nature of this conjunction have been studied and approached with regard to the global economy. A significant amount of literature, approaches this convergence as a result of the creation and diffusion of new relations of production, distribution and consumption on a global scale, while at the same time seeking to understand the main consequences for the agrarian societies in developing countries.

The global economy concept stems from the expansion of markets and trades on a global scale that has drastically increased in the second half of the 20th century and has entailed a significant change in production, distribution and consumption relations on a global scale. With regard to SSA, the foundations of global economy lay most probably in the institutional settings created by colonial direct and indirect rulers, intended to expand export-led and surplus-extraction systems of production and commerce in rural colonies. The required increase in production was designed mainly to exploit the comparative advantage represented by the natural and labour endowments of the colonies, through massive technology and capital transfers. Modernization theories influenced the development policies in colonial and post-colonial periods in SSA, engendering different institutional transformations, embedded in nation-building processes. At that time, the state was at the center of both the nationalists' claims and the development issue, and reached its apogee in the socialist experiences of Ethiopian land reform and Tanzanian *ujamaa* (Bryceson 2000b). At the end of the 1970s, domestic bourgeoisies – embarked in processes of state-building (Beckman 2004; Forrest 2004) – retained a monopolistic control of agrarian economies and agricultural markets through government-owned and/or parastatal corporations or boards, state-regulated co-operatives having to do with grants, subsidies and input distribution and extension (Raikes 2000). The resulting state indebtedness mixed with the difficult scenario created by the oil crisis. The state's failure at "capturing" the peasants shifted the focus of the international community to the market (Hyden 2006), resulting in a resurgence of the *laissez-faire* doctrine of economic development among scholars, governmental agencies and international financial institutions. Structural adjustment programs (SAPs) and conditionality came to the fore of the economic and political scenario in the 1980s, causing a drastic withdrawal of the state from the development process. Devaluation, cuts in state spending and dismissal of parastatal employees preceded privatization, deregulation and closures of public institutions, with the intention to create an enabling environment for the development of private enterprise in agriculture as well as in other sectors (Raikes 2000).

The economic environment created by these reforms – applied throughout the SSA, despite relevant contextual peculiarities such as the Ethiopian refusal to privatize the land in the early 1990s – effectively

expanded the exchange of tradable goods between countries in a more globalized economy (Raikes, Gibbon 2000), exposing SSA peasantries to unprecedented opportunities and challenges. The application of neo-utilitarian theories for minimalist state (Baylies 1995) has been blamed for having caused inequalities in the access to natural resources and incomes (Bangura 1987), increased land conflicts and informalization of labour (Oya 2010), replicated the “urban bias” (Bezemer, Headey 2008), reinforced structural processes of rural differentiation and de-agrarianization (Akram-Lodhi *et al.* 2009; Meagher 2000), and eventually represented a step back to “modernization” by replacing parastatal agencies with the private sector (Raikes 2000). SAPs raised controversies also for having linked international aid to an unrealistic blueprint set of political conditionalities, aimed to universalize pluralistic politics and improve governance capabilities, within a more rhetorical than concrete process of democratization (Haynes 2002). Democracy represented a vehicle for institutional stability, civic mobilization and growth of potential for investment and exchange; conversely poor economic performances were responsible for raising social conflicts and thus delegitimizing multiparty political systems and democracy (Lewis 2010).

The mainstream model of bilateral and multilateral cooperation for development implemented by Western countries and financial institutions has thus promoted the creation of a uniform platform for development characterized by the internationalization of capital and trade between multiparty democracies, which is commonly referred to as «neoliberal globalization» (Akram-Lodhi *et al.* 2009). The ways the integration of rural households in the global economy is implemented as a condition for both peasants’ enrichment and national development (Popkin 1980; Hyden 1983), as well as the various ways these attempts have been refused and resisted, constitute a relevant part of the contemporary studies on peasants and agrarian change, and represent the conceptual framework of this work.

2.1. *Disappearing Peasantries?*

The most effective support to the transformation of the forces and relations of production on a worldwide scale has come from the implementation of a series of economic reforms promoted by Bretton Woods institutions and connected intergovernmental organizations like the Organization for Economic Cooperation and Development and the World Trade Organization (WTO). The resulting process of neoliberal globalization entails the involvement of increasing shares of labour-force and multidimensional capital into global commodity chains. As capital influxes increase and part of the population becomes wealthier, economies redirect toward the service sector and industrial production. As a matter of fact, agriculture is still the leading sector for the majority of SSA countries and the rural population still constitutes the greater part of the total population. However, as a consequence of differentiating and multiplying demands generated by demographic pressure and the global economy, at present the agricultural sector of developing countries is experiencing a period of radical

transformation toward agro-industrial international markets for agribusiness and value-chain production.

According to many agrarian scholars, these dynamics force peasantries in developing countries to deal with new production relations characterized by an international division of labour, technological change and capital-intense production. Given the close connection between production relations and of subsistence mechanisms, the effects of these globalization processes on peasants and peasantries in SSA are very conspicuous. Indeed, as their dependence from (and competition with) the international markets increases, economic redirection toward urban or rural non-agricultural employment becomes more and more important for peasants' livelihoods (Bryceson, Howe 1997).

Deborah Fahy Bryceson described this scenario as «the convergence of de-peasantization and de-agrarianization» (Bryceson 2000a: 5). Drawing insight from Lenin's findings on the «depeasanting» of Russian peasantry as a consequence of the differentiation in peasantry caused by the commodity economy and the capitalist production, and Araghi and Harriss' (1982) further discussions on the topic, Bryceson defines peasantization and de-peasantization as the processes of fluctuation of the population of rural producers involved in the peasant labour process denoted by the cohesion of Shanin's defining characters of farms, family, class and community (Bryceson 2000a). On the other hand, agrarianization and de-agrarianization constitute the economic sectoral change arising from expansion and contraction of rural populations that obtain their livelihoods from agriculture; and more specifically, de-agrarianization is a threefold process of economic activity reorientation, occupational adjustment and spatial realignment of human settlement away from agriculture, responsible for mutating three crucial aspects of peasants' nature: their livelihoods, work activity and residence (Bryceson 1996). The loss of these attributes, that the author observes in current times, increases the vulnerability of peasantries and leads her to state that «(p)eantries are disappearing, more rapidly than before» (Bryceson 2000c: 323). The reference to the past envelops the longstanding presence of «dissolving» forces faced by peasantries *vis-à-vis* progressively more sophisticated and insidious structures of domination over their labour (Bryceson 2000a: 29): the colonial state and local rural elites, followed by the post-colonial centralized state, and by the international financial institutions and the global market in current times (Bryceson 2000c).

In SSA as well, peasantries are disappearing as the result of an historical process of economic reorientation, occupational adjustment and spatial realignment. SAPs and reforms for economic liberalization implemented from the 1980s have reduced public interventions in agriculture: subsidies for production and price control policies established in the previous years constituted important guarantees for farmers' production and incomes. As a consequence of this reduction, small- and medium-scale farmers in developing countries experienced a dramatic decline in accessibility to productive resources and greater vulnerability to fluctuating global markets (Bryceson 2002). According to the author, their vulnerability is aggravated moreover by the current worldwide uneven agricultural

restructuring brought on by the expansion of international corporations for agri-food and supermarket chains for the subsidized and protected markets of the global North. Bryceson observes that *vis-à-vis* the unsustainable competition of highly productive agro-industrial schemes, family farms in developing countries «are being sidelined rather than incorporated» (Bryceson 2000c: 309). Peasant agrarian labour displacement integrates with centrifugal forces of economic polarization and class differentiation, often leading to peasants' income diversification through self-employment in non-farming activities; only large-scale farmers are able to compete and resist. Due to missing intra-sectoral specialization, African de-agrarianization is not taking the form of industrialization, but rather of expansion of the service sector (Bryceson 1996); the study of the ongoing structural transformation of Ethiopian economy will confirm and deepen some aspects of this trend (Seid *et al.* 2016). Looking for new income opportunities, peasants flow to the urban areas but keep a «subsistence fallback» in the countryside: «(t)oday's "vestige peasants" often live in an urban-rural continuum with an indeterminate residential and occupational feature, or are part of "multispatial households"» (Bryceson 2000c: 310). The author argues that circular migrations from rural to urban areas are contributing to the «blurring of social constructs surrounding African peasant life» (Bryceson 2000b: 55), together with: expanded spatial separation between working activities and home life, transformation of gender relations within the households, increased influence of Western values and lifestyles on young generations and political relations.

While Bryceson interprets the incomplete transformation of peasants into urban dwellers as a factor of disintegration of the rural-urban divide, responsible for the ultimate disappearance of the peasantry, Heather Johnson observes the same process from a different perspective. Gathering insights from Bernstein's and Chayanov's understandings of the peasant economy, Johnson asserts that peasant production is defined by the «driving logic of subsistence and the maintenance of some control over the means of production» (Johnson 2004: 56). As pointed out also by Bryceson, the difficulties experienced by peasantries in diversifying their incomes towards non-farming activities, drives them to remain connected to the land and their communities as an expedient. According to Johnson, it is indeed by maintaining this link that peasants remain subsistent and keep control over the means of production, thus fulfilling both the conditions for their persistence.

Jan Douwe van der Ploeg (2010) apparently reaches a different conclusion, by interpreting the current agrarian and financial crisis as vehicles for the re-emergence of the peasantry. The author states that decades of initiatives to boost development in order to modernize the agricultural sector have turned out to be detrimental for peasant farming, mainly because of the commoditization of the means of production. In a reversed trend, today's agricultural sector is reshaped as peasant agriculture in both developed and developing countries. This trend is demonstrated by various comebacks: to the definition of land as an ecological capital after the period of commoditization; from the penetration into reproduction of commodity relations (in Friedmann's terms), to self-provisioning agriculture through cost cuts and employment in the part-time labour market; from attempted integration in the markets to

an actively pursued departure from unfair food empires; the return to a synergy between the farmer and nature through agro-ecology and co-production, after fixed farming methods and routines and economic strategies; from subordination to multiple resistance; the return to community markets through extended connections between rural and urban areas, after the monopoly of food regimes. According to van der Ploeg (2010), these forms of resistance to subordination, dependency and deprivation, are the ways in which peasants are adapting to global transformation and reappearing as a sustainable development model.

The debate between disappearance and persistence (or re-emergence) theories reflects two distinct perceptions and approaches to the analysis of peasant economy and societies, which have already been mentioned: the former derives from the Marxist and Marxists' definition of peasants as obstacles to the development of capitalism, within the conceptual framework of the classic agrarian question. The latter shares Chayanov's methodological essentialism in the study of peasants, it resurged in the 1990s associated with neo-populism and inspired various forms of re-essentialization of peasants culturally speaking (Brass 2010). These conceptual underpinnings have framed the rural development strategies carried out in the developing countries in the last century, by supporting rural or urban bias theories, and thus rooting industrial-led or agriculture-first strategies. In order to overcome the everlasting struggle between these dualistic and exclusive perspectives, Cristobal Kay interprets the current decrease in the rural-urban gap occurring in developing countries, as an opportunity for development and poverty reduction. «In the era of neoliberal globalisation an escalating interaction and fluidity between the rural and urban sectors in terms of capital, commodities and labour can be observed. (...) The increasing dependence on inputs purchased from industry, the continuing industrialisation of agriculture through agro-processing plants, the spread of rural industries, the expanding integration of agricultural producers into global commodity chains, the growing intrusion of agro-food corporations and supermarkets into the countryside are tying the urban and rural sectors more closely together than ever» (Kay 2009: 122) In order for developing countries to benefit from the opportunities created by these new production and trade relations, the author calls for a more comprehensive understanding of the new rurality: the connections, interactions and synergies between the sectors.

The concept of new rurality is interpreted here as a synthesis of the debate between disappearing or surviving peasantries. It is indeed beyond the purpose of this study to endorse either one of the two sides. Rather, it is preferable to carry out a more neutral and objective analysis of the implications of international evolution dynamics on the peasantry, as mediated by domestic policies. Similarly, Kay (2010) underlines the importance of avoiding a dichotomic and "context-free" analysis of the current evolution trends that the changing global peasantry is subjected to. By sharing the same approach, this work's purpose is to observe context-specific change dynamics and understand them in connection to both international influences and historical legacies. However, the brief presentation of these themes is

useful to depict the conceptual underpinnings and political frameworks that characterize current studies on peasants and agrarian change.

2.2. *Contemporary Agrarian Questions*

The “disappearing peasantries” debate demonstrates the influence of a changing economy and demography on the definition of peasants’ social and economic environment, where production and reproduction relations unfold. In the elaboration of the disappearing and surviving theories, the classic themes of the agrarian question are ultimately reconstructed and revitalized from a peasants’ point of view and tied to deterministic interpretations of global phenomena. The debate proves the «continuing salience of the agrarian question» by exploring the processes of de-peasantization, re-peasantization and semi-proletarianization (Akram-Lodhi, Kay 2010: 280), and the role of the peasantry in agrarian economies in transition (Mueller 2011).

The creation of new capitalist classes, the transformation of property rights and production relations are ongoing processes in the world economy. Historically, the core of the classic agrarian question has been the primitive accumulation through “enclosure of the commons”. Since then, the situation in developing countries has radically changed: there is an overlapping between communal rights and private property, the state has been delegitimated as primitive accumulation agent thanks to four decades of neoliberal thought, capital-intensive production systems integrate with traditional and pre-capitalist ones, formal and informal laws coexist and constitute the social background for rural and agricultural development programs (Zamponi 2012). Many agrarian scholars have investigated these issues in classic terms, as a result of incomplete transitions to capitalism. Mindful adaptations of traditional themes of analysis to new situations have been addressed, attempting to overcome traditional primitive accumulation narrative and giving birth to several agrarian questions for this day and age.

In agrarian political economy, neoliberal globalization is commonly analyzed as the ultimate and most sophisticated process by which «capital is seizing hold of agriculture» - in Kautsky’s terms (Kautsky 1988: 12; Fairbairn *et al.* 2014). Neoliberal globalization has changed agrarian production systems, reshaped rural production processes and promoted the expansion of commodification of rural economic activity. The entrance of agro-food-based profit seeking transnational corporations in the global South has brought about transformations in accumulation patterns, rural politics and social structures, poverty reduction and structural change (Akram-Lodhi, Kay 2009b). «As global capitalism penetrates agrarian formations and commons in new ways, agrarian scholars continue to reconstruct the theoretical heritage of the classic ‘agrarian question’, producing fresh insights on trajectories of agrarian change and politics» (Fairbairn *et al.* 2014: 656). Again, most of these studies tend to be critical of these transformations, by denouncing global inequalities, injustices and other detrimental effects of capitalist relations, as generated by the agency of neoliberal institutions and policies.

A significant number of contemporary studies on peasants and agrarian change address the current agrarian question in terms of a global spatial dimension. Land is one of the defining factors of peasants' production and reproduction relations in SSA. Since the early 1990s, market-led agrarian reforms have gained prominence, as an alternative to previous state-led approaches to rural development, for the removal of several distortions from agricultural markets, and were expected to promote economic growth and poverty reduction. According to many, market-led agrarian reforms and other neoliberal economic tools for rural development and agricultural market internationalization have downplayed land as a source of power and transformed it into a means of accumulation (Lahiff *et al.* 2007). Land commoditization has been associated with an increase in land deals and new forms of accumulation that have ultimately hampered weaker peasants' access to land and other means of production and reproduction, while benefiting the development of national and international private agribusiness companies. According to this view, SSA's integration into the unequal food system has separated peasants from land while favoring transnational agribusiness (Moyo *et al.* 2013; Moyo 2011). For their implication in terms of labour processes and accumulation systems, the concept of "new enclosures" has been developed recently with regard to SSA and bearing in mind the English experience during the 18th century (White *et al.* 2012). The new enclosures are explained as the convergence of a set of global transformations that include the prompted widespread corporate investments in food-crops as an anticipation of food insecurity, new forms of resource extraction for energy purposes, the establishment of special economic zones for trade, the emergence of new financial tools and agents involved in worldwide land investment. SSA has been «integrated into global networks of accumulation, violently and unevenly, through the brutality of slave trade, resource extraction, and financial dependency» (Ince 2014: 24). On the same line, Araghi explores the new forms of accumulation and production through the concept of enclosure food regime: a global food regime of capital that deepens value relations worldwide and produces uneven geographies of consumption (Araghi 2009).

Within the studies that approach the contemporary agrarian question in terms of global spatial dimension, the most relevant issue concerns peasants' displacement through dispossession, and subsequent forms of depeasantization (Ince 2014; Araghi 2009). The loss or reduction of entitlement and resources generated by the commodification of production and reproduction means (first and foremost, land), offsets differentiation mechanisms within the peasantry that are in turn responsible for dispossession and *in situ* displacement. Displacement is very common among those peasants in SSA who cannot compete with large-scale production schemes or who are not suitable for integration into agricultural value-chains; depeasantization and deproletarianization are the direct consequences of this displacement, and constitute the core of the global spatial dimension of the agrarian question.

The emergence of new forms of accumulation through encroachment and displacement (Patnaik 2011) has brought on resistance (Moyo 2013). According to Bernstein, the forms of resistance observable today concern southern «classes of labour with a rural base» *vis-à-vis* centralized international capital

(Bernstein 2014: S103). The increasing involvement of macro-enterprises and large investment funds in food and agricultural sectors in the global South implies, according to Bernstein, that capital has already permeated rural areas and “seized hold of agriculture” globally. As a consequence, southern rural labour has broken into classes, distinguishing a minority of successful farmers from a majority that strives to pursue reproduction through insecure, oppressive and increasingly informal wage employments, including farming (Bernstein 2010). His approach entails the study of the existence and reproduction conditions of peasants in the different categories of the capitalist production system: social relations, accumulation methods and labour division in capitalism/imperialism. Due to the international division of labour created by global capital, he points out that poor peasants and landless rural proletariat have become part of an expanding reserve labour army. However, he is skeptical of various interpretations of depeasantization and re-peasantization (or re-emergence), that are deemed as anachronistic for contemporary forms of capitalism, and to present a naive and unreal definition of peasants. He also rejects neopopulist instances and various forms of “peasant way” solution, since he sees no inevitable destiny for peasants. Uneven and diverse forms of globalisation have a different impact on differentiated peasant classes, destroying existing spaces for agricultural petty commodity production, as well as creating new ones (Bernstein 2003, 2011). The only factor he admits as a constant in history is class struggle: as present day globalization shows, the capitalist production mode determines the international differentiation into rural labour classes, forced to struggle for reproduction. Therefore, according to Bernstein neoliberal globalization is not affected by an agrarian question of capital, but rather it is characterized by an international agrarian question of labour, that is to say, how rural labour is transforming under the forces of international capital (Bernstein 2009).

The present day claim for a sole agrarian question of labour has been met with interest and criticism. Bernstein is certainly innovative and quite radical in excluding the capital-factor from the analysis of contemporary agrarian transformation. His approach clearly denounces the pervasiveness of international capital in developing countries, but it avoids any simplistic causal effects by assuming no path-dependency for peasants’ demise or resurgence. However, according to Carlos Oya, it does underestimate the implications of current globalization for national capital, which is now expanding both in joint ventures with international large-scale investments, and independently (Oya 2013b). Others have shared Bernstein’s interest on current transformations in global agrarian labour observing that, particularly in developing countries, it is becoming progressively more wage oriented and at the same time more insufficient and precarious for the larger portion of the population (Akram-Lodhi *et al.* 2009). In the global South the convergence of these tendencies is leading to the expansion of a semi-proletarianization process, challenging peasants’ access to means of production and reproduction. Semi-proletarianization is aggravated by the differentiation within the peasantry associated with increasing market control in agrarian social relations, and expanding natural resource commodification. The differentiation is proven by the increase in the share of farmers who are unable to fulfill their basic needs

by working on their lands, and are thus forced to sell their manpower to capitalist/rich farmers or non-farming capitalists. Since income opportunities created by capitalist production systems are not sufficient to cover all of the rural labour supply, most peasants are trapped in a semi-proletariat scenario that challenges their and overall social mobility (Akram-Lodhi, Kay 2009a).

Beyond the focus on global spatial dimensions, and the analysis of global agrarian labour and its transformations, the present day agrarian question is also considered as a question of cultural, food, environmental and political sovereignty. Nowadays' scenario is described by Philip McMichael's corporate food regime: an economic and political order that enables a politically unaccountable economic elite to drive and control the global production system through the agency of transnational food corporations (McMichael 2010). Private industries and efficiency have replaced the state and justice. Free markets and the free trade environment created by the General Agreement on Tariffs and Trade and WTO have compromised national and local sovereignty. The agricultural surplus taken from the South has been accumulated in the North, legitimized by selective trade barriers that brought about the development of uneven global markets. According to recent estimates, 70% of the gains from the Uruguay Round are channelled to developed countries, while the remaining 30% are shared by a few large export-oriented developing countries (UNECA 2013). Food has lost its original meaning as the connection between human beings and nature, becoming a mere source of income and capital, as proven by the diffusion of biofuels. In this scenario, McMichael endorses the claims of food sovereignty movements aiming to hand back to the global peasantry the lost sovereignty over food, environment, culture and politics. The call for food security and sovereignty expressed by organizations like La Via Campesina and Movimiento Sin Tierra represents in the first place a condemnation of the negative consequences of current dispossession processes on peasants food security; secondly, and more broadly, by the association of food sovereignty with a political identity and significant rights, they advocate a viable political alternative to the current depeasantization trend (McMichael 2009). Freeing farmers from the value-chain approach to agricultural development - currently spreading in the global South as a mixed philanthropic entrepreneurship - is the purpose of local and transnational movements that promote agroecological solutions, against deskilling, financial speculation, intellectual property commodification, vulnerability and inequality (McMichael 2013). The struggle for environmental sustainability, biodiversity, local sovereignty, gender and human rights is these movements' major challenge. By rekindling class struggle, they have been able to challenge the disappearing peasantry narrative, to create an international peasant issue and identity, and to bring forth an alternative view of the agrarian question (Morton 2007; Martinez-Torres, Rosset 2010). Rethinking globalization is the solution proposed for the contemporary agrarian question: achievable through a reformulation of the global politics of agriculture, conceived in order to solve the opposition between corporate and rural sustainability (McMichael 1997).

2.3. *Peasants and Agriculture Beyond the Agrarian Question*

The narrative of the agrarian question has accompanied - in its various facets - the birth and evolution of peasant studies. The agrarian question has constituted a conceptual and methodological framework for the analysis of the role of agriculture in development and the role of peasants in agriculture. Because of the internationalization of production, distribution and consumption relations, the agrarian question has been adopted from national to global spaces in order to capture the essentials of changing rural landscapes. The coexistence of pre-capitalist and capitalist production relations has been analyzed through the conceptual framework of transition to capitalism and industrial economy.

However, despite providing several mindful insights and a very interesting perspective, the narrative of transition to capitalism is not able to encompass the complexity of contemporary transformations that agrarian societies are going through. First of all, agriculture is currently undergoing a transformation of its structural production relations that does not necessarily imply a transition to industrial economy. Industry and agriculture are merging into progressively expanding and diffused production systems of both staple and cash crops, in order to respond to a growing and increasingly diversified demand of agricultural commodities. Moreover, as the Ethiopian case demonstrates, in several countries the ongoing transition is not driven by the manufacturing sector, but rather by the growth of the service sector. Furthermore, radical transformations are happening in agrarian societies and particularly in developing countries, involving a wide range of national and international interests and power relations. It is maybe constraining to argue that developing countries are passively subjected to a neoliberal discourse by the influence of international capital and enterprises; postulating an all but simple definition of international vs national capital, in the era of blurring financial boundaries. It is also restrictive to consider that the only alternative to a “standardized” development pathway toward capitalism is represented by peasant movements. The neoliberal discourse is definitely essential in setting up a global development model based on a convergence between free-market doctrine and liberal political philosophy. However, things are never just black or white: developing countries are selectively adopting neoliberal type policies of rural and agricultural development, based on national and international power relations held by the ruling class, as a result of the expression of both domestic and foreign interests.

Understanding this complex and non-standard situation obviously involves a historical and country-specific perspective that transcends the conceptual restrictions and political perspective of the agrarian question. Hence, analyzing the agrarian transition process experienced by a developing country in SSA means exploring the long-term evolutionary course undertaken by its peasants, in relation to agriculture and state-building processes. The development of agriculture in SSA has not been framed only by the narrative of transition toward capitalism and industry. Instead, given its primacy in poor and rural-based economies of SSA, it has been approached frequently with different development purposes, sometimes even beyond its ability to respond. The idea of a balanced economic growth between agricultural and industrial sectors beyond primitive accumulation was explored by the avant-garde contributions of

Johnston and Mellor in the early 1960s. Contemporaneously, the small-farm-first narrative came to the fore of the development debate, influencing successive evolutions and application of rural development strategies (Schultz 1964; Ellis, Biggs 2001). Since the early 1970s, a growing consensus gathered around the market orientation and the use of private enterprise to achieve agricultural development and economic growth (Timmer 1988), nevertheless, protectionism in agriculture and an intensive intervention on export-led and import-substitution industrialization prevailed in SSA during that time, generating a general fall in both agricultural and food production indexes (Clute 1982).

The call for an agricultural-demand-led industrialization was raised in the early 1980s by Singer and Adelman and developed in the following years with a shift in agricultural policies from surplus extraction to surplus creation (Adelman 1984). The performance of the agricultural sectors in South-Eastern Asia demonstrated the benefit associated with rising agricultural productivity for the internal markets, within a subsidized economic system. «(B)ecause of agriculture's productive and institutional links with the rest of the economy, stimulating agriculture produces strong demand incentives (increased rural household consumer demand) and supply incentives (increased food supply without rising prices) fostering industrial expansion» (Vogel 1994: 137). Since the mid-1980s, the application of SAPs sought to reduce the restrictive policies on agriculture and trade (Dethier, Effenberger 2012), and agricultural and rural development strategies became part of inclusive development projects for small-scale farmers with the intention to involve them in commercial production, through participatory and grass-roots methods (Popkin 1980; Ellis, Biggs 2001). During the 1990s, poverty-reduction objectives were increasingly associated to agricultural development strategies and supported by the international financial institutions and its operational agencies (Christiansen *et al.* 2011; Townsend 2006), through an agenda of market-led reforms and "good governance" conditionalities. Following privatization, liberalization and deregulation, SAPs were expected to create an enabling environment for development; their application in SSA entailed a significant cut in governments spending in agriculture. In order to correct some structural deficits of the SAPs, since the early 2000s the International Monetary Fund called for the implementation of the Poverty Reduction Strategy Papers: an agenda of country-driven and partnership-oriented international assistance for the realization of comprehensive, sustainable, equal and result-oriented initiatives of development.¹⁴ Since poverty was still concentrated in rural- and agriculture-based countries, the call for poverty reduction could not but generate an immediate call to strengthen agriculture.

Thereafter, in 2008 the World Development Report (WDR) on Agriculture for Development addressed, 25 years after the last WDR on agriculture, the question of the role of agriculture in development (WB 2007). The Report reasserted the importance of transforming small-scale farming into income-

¹⁴ - IMF, *Poverty Reduction Strategy Papers (PRSP). Factsheet* International Monetary Fund, Communication Department, Washington, 2013.

generating activities to be integrated into value chains, in order to achieve economic sustainability and food security. Calling for a growth in government investments for infrastructure, sustainable natural resource management and to connect small-scale farmers to the markets, the Report re-attributed to the state a central role in coordinating, controlling and facilitating development, in partnership with the private sector.

The call came during one of the most dramatic world food price crises ever experienced by the global economy, which brought on a global land race intended to tackle food insecurity. SSA countries strived to cope with this massive influx of international capital and to benefit from the opportunities that came with it, as much as possible. The resulting chaotic and rapid transformation of the rural landscapes, makes any attempt to define a univocal development course for peasants, quite irresponsible. After the global food price crisis in 2007/08, most developing countries have implemented policies and programs designed to strengthen support for domestic producers (especially small farmers), to improve access to food and its utilization, and to modify prices in favor of producers or consumers (FAO 2014). At the same time, the rapid increase in land deals between small-scale farmers and national, foreign, or transnational enterprises roves the openness of the countries themselves to these new opportunities. Increasing reliance is associated to large-scale investments in agriculture, GMO production, industrial clusters and global value chains, as the only viable strategy for economic growth and poverty reduction, in stark contrast with the peasant economic organization system (Collier 2009; Collier, Dercon 2014; Dercon 2009, 2013). At the same time, others support the re-emergence of peasants as the only sustainable and environment-friendly pathway toward development (van der Ploeg 2010). The international financial institutions envisage growth with equity as a pathway out of poverty through new forms of peasant integration into value chains, diversification into rural non-farm incomes and development of rural-urban connections through public-private partnerships (WB 2013).

In conclusion, the ways that peasant farming can participate and integrate in the transformation of agrarian-based countries is still at the center of studies and debates on peasants and agrarian change, as it was in the classic definition of the agrarian question. However, both the transition process and the strategies have now taken on a different meaning and involve different components. Instead of reflecting old ideologies, the goal of the transition is motivated globally by poverty reduction purposes and economic growth associated with expanding markets among liberal economies. It does lead to the articulation of capitalism with other modes of production (Harriss 1982), but it is also framed by new state and nation building mechanisms, under the influence of Western concern for human rights, gender equality, democracy, environmental sustainability and fair growth. For these reasons, the old paradigm of the agrarian question at this point is acknowledged and transcended. Taking the cue from Oya's condemnation of economic preconceptions, and Akram-Lodhi and Kay's call for context-specific understandings of agrarian change, this work aims to explore current policies and paths of agrarian transition in Ethiopia, by gathering conceptual insights from the materialist approach, but not preventing

the research from including other elements to understand the process (Oya 2013b; Akram-Lodhi, Kay 2009a).

3. *Clustering in Agriculture: A Strategy for Transformation in SSA*

As discussed earlier, the ongoing globalization of trade and production relations is causing a major impact on global peasantries. On the one side, the convergence of rural and urban worlds stemming from these global processes is clearly noticeable in the emergence of agro-industrial schemes. On the other, trade liberalization has also enhanced the creation of global value chains in the agri-food sector, with major implications for agrarian structures in developing countries. The agglomerations of agro-based industries and producers into clusters, agricultural growth corridors and special economic zones, have recently resurfaced in response to these changes, and as a means to transform agriculture. Major impacts have been observed on smallholding farmers in developing countries, whose integration into global and regional value chains, shapes the contemporary agrarian question. The current process of agricultural transformation in Ethiopia is deeply embedded in these global trends: the government-led process is mainly outward-oriented and aimed at integrating agro-industrial value chains to spur the conversion of the country into a global leader in manufacturing goods by 2025. One of the most significant strategies designed to achieve this goal is the agglomeration of agricultural and industrial producers into poles, hubs, or clusters, in order to benefit from the service-delivery concentration.

As the last sections of this chapter will highlight, this strategy is embedded in the renovated interest in agriculture as a means to set off a structural transformation of weak African economies, which arose from the recent evolutions in development studies. Rather than attempting to present a complete view of the methods and approaches to the cluster study, the purpose of the discussion is to emphasize some of the most debated issues related to clusters, to present the rationale behind the recent resurgence of agro-based clusters in developed and developing countries, and to explore the functions attributed to the governments in developing countries by mainstream literature. This work is not aimed at assessing the performance of the agricultural clusters *per se*, nor to evaluate the output of the related policy. Rather, agricultural clusters are being considered here as a useful tool to understand the evolution of political economy, rural politics, and agrarian transformation in contemporary Ethiopia. The following sections will therefore provide a useful theoretical framework for the study of the agricultural clusters currently implemented in Ethiopia, which will in turn offer evidence-based contributions to the studies of agrarian change and peasant studies aimed at exploring the contemporary transformation process of agriculture and peasants in developing economies.

3.1. *The Need for a Transformation of Agriculture in SSA*

In the rapid transformation of labour, production relations, trades, technologies, capital formation and space, observed globally over the last decades in the agri-food sector, farming still remains a problem in many developing countries, particularly in Africa. Despite significant changes, it is still mostly dominated by smallholder farmers (80% according to recent estimates) cultivating small plots with low productivity, high post-harvest loss rates and very low added value generation; nevertheless, agriculture remains an essential sector of the African economy because it employs 50% of the labour force and it constitutes the main source of income for over 60% of the total population, who still lives in rural areas (Moyo *et al.* 2015).

The effects of trade liberalization reforms implemented during the 1980s and 1990s - with the support of international financial institutions - to reduce the distortions created by the state-led policies of the previous decades, thus expanding national and international private trading, and enhancing market efficiency in SSA, did not bring about the expected results. Private trade in agriculture has expanded, but at the turn of the millennium it was still constrained by a lack of credit and governments' minimal commitment to reform (Kherallah *et al.* 2000). Regional and national markets have improved their efficiency and integration despite the presence of market information systems which are still ineffective. The liberalization of input-supply systems has led to a general increase in input prices and a decrease in credit access due to a tiny contribution by the private sector, which performed below expectations. Positive effects were observed in the decline in rural poverty rates, associated to lower food prices for consumers, and higher market efficiency; but because of the elimination of government financing and credit subsidies, the overall per capita food production has stagnated (Kherallah *et al.* 2000).

Regional and multilateral trade agreements were signed at the same time, but their impact was contradictory. A study conducted by the United Nations Economic Commission for Africa assessed the impact of trade liberalization reforms in Eastern Africa (UNECA 2013): it observed that weighted applied tariffs (an index of import tariffs adjusted according to the relevance of the goods for the whole basket of imported goods) in the area decreased from 27.8% in 1986 to 11.7 percent in 2010,¹⁵ and trade openness – measured as a trade share of the GDP - increased from 43.8% to 69.7% in 2010.¹⁶ Increased regional and inter-regional integrations expanded the countries' trading power, with a positive effect on trade volume and export structure. Trade liberalization did in fact lead to higher imports and exports, and most of the countries increased their export productivity level and diversified toward non-traditional product export. However, since exports increased more slowly than imports, in most of the region, countries' trade balances stagnated or even worsened. Accordingly, there was no noticeable variation in

¹⁵ - Ethiopia's weighted applied tariffs diminished from 24.3% in 1997 to 18.2 in 2007, and were not reduced further until 2010 (UNECA 2013: 5).

¹⁶ - Starting from the lower performance rates in the early 1990s, Ethiopia's share of trade in GDP mounted from 14.4% in 1990 to 32.2% in 2010, and increased further to 54.1% in 2010 (UNECA 2013: 6).

the production structure due to trade liberalizations, and ultimately the region's comparative advantage has not changed (UNECA 2013).

However, the expansion of international trade has transformed production relations locally and globally, generating new market opportunities and posing new challenges for the sectors' sustainability in the African context. Competitiveness has spurred a global economic race driven by the pursuit of scale economies and efficiency maximization. The combination of new communication systems, new trade rules, reduced transportation costs, new technologies and increased international competitiveness has been the basis for the expansion of multinational and international businesses throughout the global value chains: «the distribution of activities in an industry through buyer-supplier relations across different geographical locations» (Fetels, Memedovic 2008). Starting from 1995, most African countries have increased their integration into global value chains, both as input suppliers for other countries' export production, and as foreign input acquirers for export production (Conde *et al.* 2015). Most of the agencies for international cooperation and development have noticed that the participation in global value chains has increased foreign capital investments and entailed a growth in productivity and domestic added value in exports for most African countries (AfDB *et al.* 2014).

In dealing with these transformations, in the last 25 years, the approach of many development studies was to bypass the narrow focus on agriculture and smallholder farmers, and focus instead on complementary or substitute activities aimed at rural income diversification, expansion of large and commercial farms, looking at market opportunities and massive industrialization (Ellis, Biggs 2001; Collier 2009; Diao *et al.* 2007; Dercon 2013). Conversely, others recognized the remarkable impact of agriculture on poverty reduction and economic growth and therefore attempted to reconfigure the role of agriculture for development in Africa and to adapt it to changing production and trade relations,¹⁷ by promoting farmer integration and strategies for their support, into value-added activities through inter-sectoral and international connections, public-private ventures, agricultural value chains and spatial development initiatives.

Despite some scepticism, agriculture remained at the centre of African strategies for economic growth and poverty reduction, as stated and promoted by major international organizations for development.¹⁸

¹⁷ - See Byerlee *et al.* 2005; Diao *et al.* 2010; WB 2007; Thirtle C., X. Irz, L. Lin, V. McKenzie-Hill, S. Wiggins, *Relationship Between Changes in Agricultural Productivity and the Incidence of Poverty in Developing Countries*, Department for International Development, Report N. 7946, 27/02/2001

¹⁸ - With the agreement of the NEPAD's Comprehensive Africa Agriculture Development Programme (CAADP) in 2003, major international stakeholders and African governments' leaders committed to an agenda for agricultural development intended to achieve the Millennium Development Goal of reducing poverty and hunger by half by 2015. The agreement envisaged for agriculture to attain food security, to achieve an average annual growth rate of 6%, to integrate farmers into an agricultural dynamic market and to deliver a broadly based economic advancement of 7% GDP growth per year (NEPAD 2003). Eleven years later, in the 2014 AU assembly in Malabo, the African governments reaffirmed the principles and values of CAADP, and recommitted themselves to allocate at least 10% of national budgetary resources to agriculture to ensure its efficiency and effectiveness, to

The greater integration of the continent into global production and trade relations was considered by some to have been responsible for the creation of the urgent need and opportunity for African farmers and governments to take advantage of the new technologies and market opening to boost the transformation of the sector, thus replicating the green revolution experienced by South and East Asian countries during the 1960-90 period (Moyo *et al.* 2015). From an aggregated point of view, compared to other regions, agriculture in Africa achieved very low levels of productivity and competitiveness both in terms of yields and net added value (Webber, Labaste 2010), and the progressive decrease in the incidence of agriculture on the economies was counterbalanced mainly by the increase in the trade service sectors, which showed the lowest labour productivity of the entire economy (Bah *et al.* 2015). Accordingly, many strategies were designed in order to adjust to the changing scenarios, to increase productivity, spur competitiveness and generate positive impacts on economic development and poverty reduction.

Since the beginning of the new millennium, in many African countries the agricultural value chains approach gained renewed interest from governments and donors to upgrade the performance of the agricultural sector, increasing the success of African rural economies and the incomes of rural populations. The value chains approach is aimed at analysing and intervening on all the vertically linked processes that add value for the consumer, including supply logistics, production patterns, value addition, transactions and market connections (Webber, Labaste 2010). The model was considered useful in raising competitiveness, achieving self-sufficiency in key staples, supporting African farmers to gain a “fair share” of export-oriented commodity value-chains, creating capability to fulfill consumer demands and nutrition needs, unlocking the potentials of growth of under-developed regions (Johm *et al.* 2016). The value chain approach responded to the need to create market connections for farmers and generate opportunities for value addition in low producing agricultural chains. The value chain approach promoted the expansion of agribusiness and agro-industries in Africa and in other developing countries (Conde *et al.* 2015). The agro-industrial sector in Africa was structurally reformed, expanded and privatized since the 1990s as a consequence of liberalization, technological advancement, organizational and institutional changes (Reardon, Barrett 2000). The production shifted toward those subsectors and commodities where the country enjoyed a relative advantage and higher income returns, such as oilseeds, fresh fruits and vegetables; foreign enterprises filled the gaps left by lack of capital, and input-supply systems were taken over by multinational corporations. Capital intensity in production and processing activities grew, entailing a higher capital-labour ratio and increased added value share within the agri-food chain (Reardon, Barrett 2000). Technological innovations lead to improved transportation and storage services. Wholesaling, processing and retailing activities imposed specialization and were influenced by the expansion of multinational corporations: many SSA’s markets shifted from being

end hunger and halve poverty by 2025, to boost intra-African trade and to enhance resilience in livelihoods and production systems (AUC 2014).

dominated by traditional wholesale relations to the use of vertical coordination mechanisms, going from local procurement by each individual store to centralized procurement through distribution centres (Reardon *et al.* 2009). In addition, contractual exchanges replaced spot markets, and consequently fostered the enhancement of property rights and private standard quality systems (Reardon, Barrett 2000).

If on the one side, production and communication system globalization actually promoted the creation of vertical connections between companies and the scattering of activities worldwide, on the other, innovation boomed in highly concentrated areas with favourable conditions creating horizontal connections between value chains that provided intermediate goods and services (Fetels, Memedovic 2008; Webber, Labaste 2010). Hence, in order to reduce transaction costs and further improve the integration of the value chain system, joint actions and physical agglomeration of related companies were promoted and expanded lately, as a consequence and cause of global changes in agri-food economy (Krugman 1991). These solutions came in the form of spatial development initiatives: efforts made by governments and international cooperation agencies to develop dynamic areas of sub- and supra-regional or global economic integration in delimited geographic areas; through these initiatives the idea was to physically organize the area in a given location by planning the distribution of activities, manpower, infrastructures and trade promotion policies. As many have noticed, these initiatives are regaining notoriety in emerging countries, especially in SSA, where the need to enhance competitiveness and social cohesion, have been strongly emphasized by their appearance on the global competition scene (ISPC 2016; Gálvez-Nogales 2014).

These initiatives may take different forms depending on the overall purpose, the economic sector involved and the implementation practice. The establishment of special economic zones is included in these spatial development strategies. These are circumscribed geographic areas in states where trade rules, investment conditions, fiscal policy and legislative environment are more liberal and administratively effective than those of the national territory; the purpose is mainly to attract direct foreign investment, to diminish unemployment, to support a wider economic reform strategy, and to operate as experimental laboratories for the application of new policies (Farole 2011). Spatial economic zones have been created since the early decades of the 20th century in Europe and Asia, but a big thrust for their expansion took place from the mid-1960s in Asian and Latin American countries to accelerate their export-led industrialization; since then, expansion was very fast: from 79 zones existing in 1975, to 3,500 in 2005 (Farole 2011). For many reasons that had to do with poor timing, lack of physical or social infrastructures, political instability, poor institutional coordination, weak implementation capacity, poorly designed legal frameworks and distorted incentives, most African zones have failed (Farole, Moberg 2017); except for Mauritius, Kenya, Madagascar and Lesotho, most of the attempts have failed to attract significant investments, promote exports or create sustainable growth (Farole, Moberg 2014). Accordingly, at the end of the last decade only 4% of the worldwide special economic

zones were located in Africa. Nevertheless, a rapid increase in the number of countries adopting this framework could be seen starting from the 1990s onwards (Farole 2011).

Similarly to special economic zones, industrial and agro-industrial parks are another kind of spatial development initiative, currently reappearing for growth and innovation purposes in developed and developing countries. The United Nations Industrial Development Organization (UNIDO) defines industrial parks as «a tract of land developed and subdivided into plots according to a comprehensive plan with or without built-up factories, sometimes with common facilities for the use of a group of industries» (UNIDO 2012). These parks usually provide an institutional framework, modern services and infrastructures that may not be present in the rest of the country. They develop along value chains where buyers, producers and suppliers are interlinked and operate in the same location in order to reduce transaction costs; this may in turn attract investors, accelerate innovation, expand knowledge, and generate externalities on local companies (UNIDO 2012). Industrial and agro-industrial parks were popular in developed countries until the late 1950s, but most of the newly established ones are located in Asia and Africa, and in the latter case are mainly conducted by foreign direct investments; according to recent estimations there are around 15,000 industrial parks around the world (UNIDO 2015).

Another form of spatial development initiative deals with the creation of corridors, which have been defined as the agglomeration of economic activities and people in an area with logistic connectedness (Gálvez-Nogales 2014). Corridor approaches range in objective from the transport and logistic corridors envisaged to link landlocked areas to ports, to the growth and development corridors including economic and non-economic initiatives that are taken for development objectives (ISPC 2016). Corridors may be designed for trade transport, connectivity and logistics facilitation in order to attract investment and generate economic activities (Gálvez-Nogales 2014). A recent research conducted by FAO found 14 corridors in SSA, designed for very different purposes: enhancing physical connectivity, ensuring food security, supporting regional trade integration, boosting agricultural growth and absorbing the expansion of metropolises. Two of them were launched to foster agricultural growth specifically: the Beira Agricultural Growth Corridor (BAGC) in Mozambique launched in 2010 to promote commercial agriculture on an area of 22.7 million ha, and developed in public-private partnership along the transport route which links the port of Beira to various Mozambican provinces and parts of Malawi, Zambia and Zimbabwe; and the Southern Agricultural Growth Corridor of the United Republic of Tanzania (SAGCOT), developed in partnership with the government, multinational companies, development partners, and the domestic private sector, and envisaged to triple the agricultural output of 350,000 ha by 2030 (Gálvez-Nogales 2014).

As relevant literature reveals, peculiar elements of these and other forms of spatial development initiatives have been combined together to create organizational structures with the highest economic performance. These initiatives constitute the general direction taken by spatial planning approach in Africa, but do not include one-size-fits-all models: for instance, in some cases special economic zones

have been associated with industrial agglomeration (Farole 2011), industrial parks have been granted special trade rules and fiscal policies (UNIDO 2015), and corridors have enjoyed both the benefits of special economic zones and agro-industrial parks (Gálvez-Nogales 2014). In addition, as these studies reveal, all of them use a value chain approach to design the interventions, and most are associated to - or may take advantage of - the agglomeration of complementary or structural companies in delimited areas, called clusters. For instance, as the SAGCOT and BAGC cases inform, the agricultural activities along the hinterland corridor are worth organizing into clusters where nuclei consisting of farms, processors, integrated service providers, storage facilities, research institutes, infrastructures and institutions are interconnected to enable specialized production (Gálvez-Nogales 2014; ISPC 2016). Similarly, spatial economic zones and industrial and agro-industrial parks may benefit from the integration with industry clusters or associated policies and projects (UNIDO 2015; Farole 2011).

As this section has demonstrated, one of the current directions taken by governments and donors committed to fostering the competitiveness of African agriculture to tackle global transformations in the agri-food system, deals with initiatives aimed at spatially defined areas, for the promotion of vertical and horizontal connections between the agro-industrial value chains. These envisage in several ways the agglomeration of activities into clusters, following a method that has been successful in developed countries, and that according to some observers, is expanding rapidly in emerging economies (Gálvez-Nogales 2010). Most of the relevant literature on clusters has focused on the industrial sector, rather than on agriculture, since most of the externalities of clusters deal with knowledge overflow, and technological innovation which is usually not associated to agriculture. At the same time, most of the researches on agro-industrial value chains and spatial development initiatives related to agriculture have focused on the process of value addition created within these organizational structures, the benefit share along the chain, the effects created in terms of broad development, poverty reduction, or environmental change. From the perspective of peasant studies and studies of agrarian change, very few studies have analysed the mechanisms and processes of implementation of agro-based clusters in emerging countries. It is obvious that the cluster creation process is fundamental to yield a positive output, and generate a fair and significant result and impact. For this reason, in addition to providing experience-based proof of the impact of contemporary global transformations of the agri-food systems on peasantries in SSA, the purpose of this study is to provide an innovative approach to the study of agro-based clusters by analysing the implementation method followed in Ethiopia.

Furthermore, the Ethiopian case is particularly interesting for two main reasons. On the one side, agro-based clusters are under implementation in Ethiopia even in areas where the agrarian transition is still in its initial phases. These areas are in fact characterized by very limited surplus accumulation systems, locked land markets, a very limited presence of agricultural workers and post-harvest transformations, and a strongly hampered private enterprise; therefore, the value addition chain needs to be created from scratch. On the other side, the creation of agro-based clusters is a major part of the economic project of

the developmental state, which draws its political success and legitimation from an authoritarian relationship with its poor agrarian base. Therefore, in the Ethiopian context the cluster-based approach assumes an additional function which ranges from controlling the factors of production, leading agrarian change, monitoring development patterns and controlling the rural area in terms of politics. In order to approach the study of agro-based clusters, the following sections will briefly present: the theoretical framework underpinning clusters' models, comparative advantage and success determinants; the most debated issues regarding the integration of smallholder farmers into agro-based clusters in developing countries; and the role assigned to governments by mainstream literature concerning cluster creation.

3.2. *Clustering: Models, Comparative Advantage and Success Determinants*

The integration between different economic sectors represented by agro-industrial ventures, the focus on global value chains, the shift in political economy orientation, and the technological and organizational changes which characterized the early 1990s, created a fertile context for the re-emergence of the agglomeration approach in economic theory, and for its application to development theory. In fact, Porter (1998: 22) remarked that, in spite of increasingly faster communication, lower transportation costs and global accessibility to markets, within the global economy, proximity still constituted a crucial variable in the creation of competitive advantage and achieving economic success, especially in a developing country.

The "cluster" term usually refers to agglomerations of companies engaged in similar and/or related activities. Since clusters can vary greatly depending on a number of variables (shape, organizational form, location, objectives, components, complexity, productive sector, *raison d'être*, etc.), contemporary business literature has formulated different models in order to approach their analysis. One of the most influential works, in *The Second Industrial Divide* Piore and Sabel (1984) defined clusters as districts of small companies able to compete with Fordist mass production, thanks to the efficient combination of flexibility and specialization. The peculiarity of clusters is represented by the fact that, thanks to a correct mix of cooperation and competition, cluster companies are able to retain the productive flexibility that is typical of craftsmen and necessary on one hand to respond to the variable demand of a large consumer base, and on the other to attain the specialization and organizational capacities of larger companies.

A second very influential piece of literature on clusters is based on the concept of external economies originally presented by Alfred Marshall in *Principles of Economics* in 1890, and adopted by Paul Krugman (1991) in the early 1990s. Marshall identified three ranges of localized external economies that lowered costs for clustered producers, that is to say, three reasons for the concentration of industrial production: the creation of a pool of specialized workers in the district, an enhanced accessibility to specialized non-tradable inputs and services, informational spillovers (Krugman 1991; Schmitz, Nadvi

1999). Based on these assumptions, Krugman pointed out that companies tend to concentrate where demand for manufactured and agricultural products is larger, in order to reduce transportation costs and achieve scale economies. According to this perspective, external economies, generated by the concentration of competitors and related companies in a specific location, in turn create a self-feeding process which promotes industrial growth (Krugman 1991).

In addressing clusters according to their location, Krugman brought back economic geography into mainstream economics (Schmitz 1999). In the overt attempt to bridge mainstream economics and industrial district literature, Schmitz proposes a different explanation for clusters, based on the concept of collective efficiency (Schmitz 1999; Schmitz, Nadvi 1999). With this approach, external economies are considered as incidental effects generated by aggregated companies. These incidental and passive factors are deemed insufficient by Schmitz and his followers to explain the comparative advantage enjoyed by individual firms in clusters. Other deliberate forces are indeed included among these advantages: the joint actions of constituents, that is to say, their purposely pursued cooperation. Different forms of cooperation may be present in clusters: vertical cooperation which connects the actors along the value chain is differentiated from horizontal cooperation which may occur among competitors; otherwise, cooperation may be bilateral and involve individual firms, or multilateral among groups of firms or consortia. Hence, according to this perspective, understanding the clustering processes involves focusing on collective efficiency, which «is the competitive advantage derived from local external economies and joint action» (Schmitz 1999: 470).

Along with the diffusion of cluster-like initiatives in both developed and developing countries, since the early 1990s numerous dissertations have appeared, to define the comparative advantage that clustering has to offer. To explore this issue from within or without the lens of the three approaches mentioned here, means to investigate the rationale behind clusters. Michael J. Porter (1990, 1998) has provided significant contributions on the topic: his main point is that through the promotion of cooperation and competition among participants, clusters enhance innovation and allow firms to upgrade. Hence, three concepts are relevant in Porter's analysis, and will be referred to again in later studies. First, cooperation: the author observed that the proximity of competitors, related companies and institutions (involved in providing services for the whole value chain), fosters coordination and trust which mitigate the rigidity of the chain's vertical organization. With regard to competition, the author remarked that clusters allow companies to have easier access to labour markets, input suppliers, information, technology, institutions and public goods, which ultimately increase productivity in the area. Moreover, the organizational structure and productive processes increase competition by stimulating the creation of new businesses and leading the direction and pace of innovation. Innovation is the link with the third concept underlined by Porter in his assessment of the comparative advantage offered by clusters. The enhancement of cooperation and competition conditions indeed make opportunities for innovation more visible and suitable for companies.

Innovations enhance cluster companies' ability to supply high quality products, to respond to an increasing demand by customers and therefore expand trade. These factors are called knowledge externalities and are considered, by some, as the basic advantage of the clustering system (McCormick, Oyelaran-Oyeyinka 2007). Innovation comes mainly from the spread of ideas, knowledge-based practices and information (for instance on finance, technologies and markets) which in turn arises from the combination of rivalry and collaboration between companies. Evidence shows that collaboration (or cooperation) improves company performance (Schmitz, Nadvi 1999), and competition generates important local externalities such as a skilled labour pool and specialized physical, technical and legal inputs (Gálvez-Nogales 2010). In the wake of expanding industrial and agro-industrial clusters, seen lately in developed and developing countries as a response to global evolution in the agri-food system (Zeng 2008; WB 2012), a study commissioned by FAO has labelled this balance between competition and cooperation, «co-opetition» (Gálvez-Nogales 2010: 3). Hence – as highlighted by Porter's studies – when integrated with local institutions, competition, cooperation and innovation constitute the essence of clusters, the rationale behind their formation; in other words, the competitive advantage offered to their constituents, which distinguishes clusters from simple producer concentrations (Gálvez-Nogales 2010).

Along with the study of the competitive advantage of clusters as seen from different perspectives, scholars have also questioned the factors which favour the success of these particular forms of aggregation. As a matter of fact many elements have been defined in terms of local conditions and specific contexts, while others have been mentioned for their generalizability and broad application. As Porter (1998), pointed out the study of clusters reveals that the analysis of the business environment surrounding the company is as important as the study of the productive processes within it. By recalling – in a certain way – Krugman's emphasis on localization, Porter observed that the performance and sophistication of individual companies are greatly influenced by context factors such as transportation systems, infrastructures, labour market, court and taxation systems, and so on and so forth. Furthermore, by analysing the cases of Italian and Japanese industrial clusters, he also noticed that the presence of strong local rivals is crucial to promoting competitiveness and fostering innovation: «[t]he more localized the rivalry, the more intense. And the more intense, the better» (Porter 1990: 25). Other key elements include the conditions of the related factors of production, and the type of national demand for that good. A four-facet diamond model summarized the elements for the cluster's regional advantage and success: firm strategy, structure and rivalry; related and supporting industries; factor conditions; demand conditions. Each component of the diamond – and the diamond as a system – has an influence on the national environment in which the cluster operates, and affects its competitiveness on a global scale. Furthermore, in order to benefit from the competitive advantage offered by the cluster, a company must take on a global approach, making its existing advantage obsolete in order to innovate further and upgrade, work collectively, choose a location and engage locally (Porter 1990).

From a collective efficiency perspective, the cluster's performance is closely linked to the level of cooperation achieved by the companies and, consequently, to the presence of joint actions and collective institutions. These may come in the form of local business associations, producer or service organizations and others, and can usually perform a wide range of functions that foster integration: vertical and horizontal coordination; regulation; representation of the cluster's interests *vis-à-vis* government and state institutions; provision of technical and benchmarking services, information and managerial advice to meet quality and safety standards, and assistance to reach global markets (Nadvi 1999). Cooperation is mentioned, although with much less emphasis, also from the of flexible specialization perspective issued by Pior and Sabel (1984), who attribute cluster success mainly to company relation with the market. The flexible application of increasingly productive technology and the creation of regional institutions to strengthen the connection between trades are indeed considered vital for success. Therefore, the impact that governments and policy support may bring has been widely accepted as a crucial issue. Particular attention also to the government's role towards implementing cluster development will be given in the analysis of the Ethiopian case. For these reasons, one of the following subchapters will be entirely dedicated to the examination of the most pertinent literature and contributions.

3.3. Clustering in Developing Countries: Integrating Smallholding Farmers into Agro-Based Clusters

Most of the studies on clustering models and rationales presented in the previous chapter, were based on, and fostered by, the successful industrial clusters that appeared in the second half of the 20th century in Northern Italy, Western USA and Eastern Asia. Nevertheless, agro-based clusters have been seen in Eastern Asian countries since the 18th century: in Japan, Vietnam, China and Thailand, different forms of agglomerations were established between small businesses, craft villages and local producers, surrounding larger enterprises or in view of the creation of specialized production nuclei. Thereafter, industrial clustering continued during the 20th century in more developed economic systems and in spot areas in less developed countries, to spread innovation and competitiveness in order to reach global markets (Ganne, Lecler 2009). During the second half of the last century, in SSA some industrial clusters appeared spontaneously or were promoted by public policy, often in combination with the establishment of special economic zones: among the most relevant cases Zeng (2008) identified the Suame manufacturing cluster in Ghana, the Kamukunji metalwork cluster and the Lake Naivasha cut flower cluster in Kenya, the Nnewi automotive components cluster and the Otigba computer village cluster in Nigeria, the handicraft and furniture clusters in Tanzania, the Lake Victoria fishing cluster in Uganda, the textile and clothing sector in Mauritius, the wine cluster and the Western Cape textile and clothing cluster in South Africa.

Agro-based (or agribusiness) clusters may be defined as: the concentration, specialization and interconnection of producers, agro-industries, traders, service providers, institutions and other private and public actors engaged in a particular field (sometimes including universities, research institutes, associations and customers), linked by externalities and complementarities within a value-enhancing production chain, to address common challenges, increase cooperation, innovation and competitiveness (Gálvez-Nogales 2010; Zeng 2008; WB 2012). Since the 1990s, industrial and agro-industrial cluster-based projects diffusion has increased rapidly in developing countries, in response to changing production and trade relations: as pointed out by Clark *et al.* (2015) and Gálvez-Nogales (2010), this emergence has affected particularly SSA, as a way to promote innovation and enhance regional development. Indeed, although trade liberalization opened up new market and business opportunities, global economy and international competition forced local firms in developing countries to perform by global standards in terms of costs, quality, response speed and flexibility. Value chain integrations, specialized firm agglomeration, the creation of growth corridors and poles of competitiveness were some of the strategies pursued by enterprises and governments in developing countries, in order to cope with these new challenges.

Besides those specific challenges and opportunities created by the globalization process, the rationale for clustering in developing countries did not differ significantly from the one found in more developed economies: to generate externalities, to increase productivity, to enhance mutual cooperation, to foster innovation, to reduce costs, to lobby policy reforms, to attract investors and to improve accessibility to inputs (WB 2012). In addition, given the particular conditions of less developed economies, merging similar industries can also help small-scale firms to upgrade, it can generate agrarian transition mechanisms, it can foster mobilization, break down investments into less risky steps, it can entail higher wages for rural workers and give a greater contribution to regional economic growth (Schmitz, Nadvi 1999; Schmitz 1999; WB 2012).

Underdeveloped economies are indeed characterized by limited critical masses, weak infrastructures, limited factor conditions, dominance of informal relations and very small-scale firms and farms, poor capacity building and institutional support. For these reasons, trade relationships between developed and developing countries, as shaped by the neoliberal-framed global agri-food system, have been defined unequal and unbalanced: with the former playing a decisive role in innovation, product design and standard definitions, and the latter group struggling to adapt to specifications and standards set elsewhere (McCormick, Oyelaran-Oyeyinka 2007). In global value chains, these trade relationships shape production patterns in both groups of countries, and tend to concentrate value-adding activities in richer and more favourable settings. Accordingly, since the 1990s the cluster approach has been promoted by the international donor community and many developing countries' governments, in order to replicate in disadvantaged settings, the conditions that promote a more equal distribution of value-adding activities along the global value chain.

The agricultural sectors were the ones to be more heavily affected by the evolution in trade patterns and production relations associated with global economy. In addition, given the weak manufacturing development and the mainstream focus on rural development and poverty reduction strategies which characterized the 1990s and 2000s, the new interest toward agglomeration and value chain schemes pervaded donor and government policy agendas regarding agriculture (Clark *et al.* 2015). Clustering in agriculture was expected to stimulate value-adding activities in the agricultural value chain: to promote cultivation pattern aggregation, to foster post-harvest and processing activities, and to improve producer-consumer connections. These changes were in turn expected to boost agrarian transition, rural development and economic growth.

Agro-based clusters existed already in the 1960s and 1970s, when the production of export commodities was concentrated in spot areas led by large-scale farms and a highly interventionist state, within a traditional model of agrarian transition based on agricultural surplus extraction (Gálvez-Nogales 2010). Thereafter, some clusters for non-traditional agricultural export commodities were established during the 1980s and associated with rural development goals. But a rapid hike in the expansion of agro-based clusters was seen in developing countries since the 1990s and throughout the last decades, as a consequence of the aforementioned transformation in the agri-food global system. From focusing initially on traditional and non-traditional export commodities, since the 2000s clusters have shifted to include staple crops for both national and international markets (Clark *et al.* 2015).

International donor commitment to agro-industrial cluster development has been remarkable: 60 million dollars were invested by the United States Agency for International Development (USAID) in 2003, by the International Development Bank reached 380 million by 2010, in 2001 UNIDO's launched the Development of Clusters and Networks of SMEs Program and the International Trade Centre UNCTAD/WTO has implemented export-led poverty reduction projects focused on clusters (Gálvez-Nogales 2010). Between 1998 and 2014, the WB invested roughly 1.5 billion dollars in various agglomeration-focused projects; 17 out of 20 of these projects have been implemented in SSA with the purpose to: stimulate growth and economic activity, promote an inclusive development focusing on rural areas or small- and medium-scale enterprises, create jobs and employment, increase productivity and competitiveness (Gelb *et al.* 2015). Furthermore, promoting agro-based clusters is also one of the strategies pursued by FAO to support agribusiness and agro-industrial development (Gálvez-Nogales 2010), and it is the main objective of the Strategic Alliance for Agricultural Development in Africa program, implemented since 2006 by the International Fertilizer Development Centre - in partnership with the Dutch Ministry of Foreign Affairs and several development partners in the targeted countries – in Burkina Faso, Benin, Ghana, Mali, Niger, Nigeria and Togo (Alidou *et al.* 2010).

As pointed out by recent studies on the topic, agriculture clustering in developing countries is challenged by a number of factors: smaller firm/farm size, lack of a critical mass of firms/farms available for aggregation, informal relationships and organization, weak internal connections, lower-value product

and service predominance, and poor market connections (Gálvez-Nogales 2010). With regard to SSA, underdeveloped trade networks, abundance of labour with a negative influence on market pooling effects, scarce contribution by higher education institutions for, unsubstantial political support, weak service providing institutions, large-scale industries in disarray due to rapid liberalizations, low-performing SMEs offering low-quality products, and natural resource mismanagement, further complicate the development and upgrading of clusters, and their competitiveness in global markets (Gálvez-Nogales 2010; Zeng 2008). Given these premises, the success of agro-based clusters in developing countries is most likely profiting from a significant support by public policies aimed at setting the appropriate context where those involved can cooperate, compete and innovate (Gálvez-Nogales 2010).

From a different point of view, in terms of a collective efficiency perspective, contributors underline that clusters benefit from joint local action by local firms, which is possible only under two conditions: the existence of trade networks to connect them to sizeable distant markets, and the presence of trust and effective sanctioning systems (Schmitz, Nadvi 1999; Schmitz 1999). Joint enterprise organizations and collective actions are deemed also by others as necessary for success, underlying the importance of cooperation in generating multidimensional externalities (Zeng 2008; Gálvez-Nogales 2010). Indeed, an effective mix of horizontal cooperation and competition between producers enables stronger market connections and managerial competence and flexibility, which are in turn necessary to cope with evolving circumstances, consumer preferences and trade opportunities (Clark *et al.* 2015). Dealing with complexity requires also vertical integration throughout the value chains, to be supported by a positive political context, institutional support for the private sector, infrastructural appropriateness and direct foreign investment participation (WB 2012; Gálvez-Nogales 2010; Gelb *et al.* 2015). As the analysis of SSA successful cases has revealed, clustering in agriculture should also include building knowledge networks with local and foreign universities and research centres, conducting learning and training activities to prepare and aggregate skilled workers (Zeng 2008).

Regarding the commodities needed to build a cluster, evidence shows that high-value and export-oriented products usually generate higher wages, productivity and innovation, and promote cooperation among constituents for two main reasons: they address a large-scale market for which they do not compete directly, and they need to collaborate to achieve standard quality levels (WB 2012; Gálvez-Nogales 2010). Conversely, agricultural clusters aimed at local markets where the number of consumers is limited, where the demand curve is less flexible, and that large firms with solid financial situations are not interested in joining, usually show lower cooperation levels and lower producer benefits. The analysis of the agricultural clusters established in South Wollo confirms that market connections are crucial in order to allow cluster constituents to benefit from increased cooperation and to avoid the negative impacts caused by the generation of surplus production.

As already remarked, the establishment of agro-based clusters in less favoured economies may have a relevant impact on local firms and farms thanks to the generation of multidimensional externalities. In other words, when cluster value chains integrate local small-scale producers into wider knowledge, production and market networks, and when this is associated with a fair income distribution, it can lead to positive outcomes. Evidence has demonstrated that when connected to modern food industry channels smallholding farmers may benefit from greater net earnings per hectare (or per ton) for various reasons: the farmer may increase his productivity thanks to the application of improved inputs and technologies; costs to access inputs, credit, training, certification and new technology become lower; farmers may reduce insecurity connected to markets through contract agreements with intermediate companies; the intermediate contractor may be willing to pay a higher price for the raw product in order to lock in the farmer and secure the supply of that commodity; the farmer may be able to produce higher quality products and to sell on markets that would not be accessible without intermediate company involvement (Reardon *et al.* 2009; Clark *et al.* 2015; Porter 1998; Gálvez-Nogales 2010). Furthermore, in accordance with cluster economic theory, the successful implementation of the cluster-based approach in SSA has indeed demonstrated that strengthening horizontal links between producers, vertical links within the value-chain, and other connections with public institutions and education institutions have improved smallholding farmer competitiveness, and contributed to reduce regional poverty (Alidou *et al.* 2010; Zeng 2008; Gálvez-Nogales 2010).

In spite of their potential, the achievement of these positive effects in terms of pro-poor development depends on the effective integration of smallholding farmers, which does not always happen. For instance, the Evans School Policy Analysis and Research recently published an assessment of 90 agricultural clusters in developing countries, from 1944 to 2015, and observed a positive trend in terms of economic outcomes, including increases in the value of exports, changes in employment and productivity (Clark *et al.* 2015). However, only half of the analyzed cases had an impact on smallholders, or smallholder participation. Three observations need to be made about this: first, that agro-based clusters in developing countries are often oriented toward objectives that do not include pro-poor development; second, that integrating smallholding farmers into cluster value chains is not an easy task; third, that private sector enterprises usually prefer partnerships with large producers.

There are many ways in which the cluster value chain interacts with smallholding farmers: differences may depend on the number of associated producers, their entitlement, their accessibility to inputs and information, their connection with markets and, in general, their horizontal and vertical connections within the value chain. As observed by Reardon *et al.* (2009), smallholding farmers' participation in modern agri-food chains (such as supermarkets and fast-food chains, processing and/or export-oriented chains) is usually hampered by the presence of a larger competitor, even though smallholders tend to be more flexible to highly labor-intensive field management practices, they can reduce transaction cost by creating marketing cooperatives, and they may be more easily included by stipulating resource-

providing contract schemes (Reardon *et al.* 2009). Research confirms that the presence of a supportive government and the presence of cooperatives is often associated with positive impacts (Clark *et al.* 2015; Gálvez-Nogales 2010; Alidou *et al.* 2010).

On the other side, many obstacles may hamper the generation of positive cluster impacts in terms of pro-poor development: lack of infrastructures, over-domination of small-scale firms, weak connections and informal organization within clusters, specialization in low-value niche commodities, excessive concentration on primary goods, excessive or missing government involvement (Clark *et al.* 2015). Indeed, although the creation of agricultural clusters has usually been associated with positive economic outcomes, when conditions are inadequate, clusters may fail or even cause negative consequences. The first concern regards the cluster's market orientation: as already mentioned, when agricultural clusters do not cater to the exterior, companies compete for the same limited pool of consumers and this may lead to excessive competition and a decrease in producer income (Gálvez-Nogales 2010). The second issue is linked to the choice of commodities: if only one or two crops are produced, farmers and the whole cluster chain may suffer severe losses from price drops or crop diseases. During the 1980s and 1990s, WB supported clusters have experienced these problems, and lately there is a common tendency to focus on a more diversified set of crops and to create mixed cropping systems (Clark *et al.* 2015). The third problem concerns smallholding farmer integration into the cluster value chain (Gálvez-Nogales 2010; Clark *et al.* 2015; Reardon *et al.* 2009): in many cases small-scale producers have a very marginal role in decision-making processes and have the smallest share of economic benefit; they may suffer from the competition with larger-farms whose investment capacity is greater and production costs are lower; where agrarian transition systems are more advanced, peasant farmers may lose their ties to land and become waged workers with poor labour standards, as sustained by the proponents of the disappearing peasantry thesis. Lastly, the creation of agricultural clusters may cause an antagonism between local communities and the commercial interests of non-local actors, including environmental-related damages (WB 2012).

3.4. *Implications for Public Policy*

Since this work is focused mainly on analysing the implementation process of agricultural clusters in a specific area of Ethiopia, as a tool to understand the political course followed by the government of Ethiopia (GoE) in terms of agrarian transformation, the previous chapters gave a brief overview of the major issues at stake in the cluster creation process, focusing particularly on clustering in agriculture and agro-industrial sectors, in less developed countries. As the brief presentation has demonstrated, clustering in developing countries is influenced by a broad set of variables that concern the political, economic, institutional, organizational and structural environment surrounding the project. The cluster can therefore be analysed from different points of view and with different approaches that may take into

consideration production factors, trade relations, the value chain organization, power distribution among those involved, multidimensional cooperation, communication networks, and so on and so forth. Up until now, the reviewed literature has identified some elements which will guide the understanding of Ethiopian policy on clustering in agriculture in terms of rationale, competitive advantage, success factors, impact and smallholder integration. But, one more point needs to be looked at in greater depth in order to assess the Ethiopian clustering experience from a political approach: this regards the role that governments are expected to play in cluster development.

Clusters have been implemented in developing countries using different political economy approaches. Big push theories, backed by a highly interventionist state, were applied to rural economies and influenced cluster formation in Asia, Latin America and Africa in the 1960s to 1980s period. With the resurgence of market role in development encouraged by the neo-liberal turn, government role in clustering has been reconsidered and sensibly reduced in view of the promotion of scale economies for development (Gelb *et al.* 2015). As envisaged by the 2008 World Development Report, since the late 2000s the mainstream trend associated with development policies promoted a mixed private and public effort participation to boost market-led development, bearing in mind the negative impacts linked to excessive state reductionism or interventionism in the economy (WB 2007).

In the scarce literature on agricultural clusters in developing countries, the role attributed to governments reflects and conditions the definition process of moderate interventions in the economy, intended to avoid market distortions and allow private companies to develop. The mainstream approach actually rejects the kind of interventionism that took place in previous decades, when governments invested directly public capital and resources to create clusters of competitive companies (Porter 1990), and assumes instead that market failures can be solved better by joint private action rather than by public intervention (Schmitz 1999). Accordingly, governments should: avoid restrictions and subsidies that distort or hamper the process (Porter 1998), encourage the creation of competitive private companies, boost the competitive advantage of clusters by promoting domestic rivalry and stimulating innovation (Porter 1990), and avoid interference in trade and markets (Schmitz 1999). Collaboration with the private sector is a crucial activity required of public institutions and governments to prepare the environment for cluster development and upgrading (Porter 1998; Gálvez-Nogales 2010). Current literature wants public institutions to work with the private sector to create an efficient input supply system, invest on hard and soft infrastructures for doing business (Porter 1998; WB 2012), provide high-quality public goods (Zeng 2008), ensure access to finance (INNO 2010) and establish connections with research institutes. Therefore clusters are not expected to emerge from public institutions' unilateral decision, but from the combined efforts of public and private subjects (Gálvez-Nogales 2010). As remarked by Zeng (2008), clusters can be formed in two ways: spontaneously or when induced by public policy. Most of the successful clusters in Kenya, Nigeria, South Africa, Uganda, Tanzania, as well as the experiences in West Africa, emerged from the spontaneous agglomeration of enterprises and other

related subjects, but there have been varying degrees of government intervention throughout the decades, to support and promote their expansion (Zeng 2008; Alidou *et al.* 2010).

Furthermore, observers state that rather than replicating successful experiences from other countries, governments should reinforce existing contexts with potential, by pursuing competitive advantage and specialization, consistently with local conditions (Porter 1998). Lately cluster planning policy has indeed been tied to the identification, mapping and assessment of existing or emerging clusters, rather than to the downright creation of new clusters (WB 2012; INNO 2010). Accordingly, recent studies recommend the following measures in order for clusters to generate positive outcomes: to take into account context-based characteristics of commodities, markets and institutions, to avoid one-size-fits-all interventions, and to involve decentralized government agencies (Gálvez-Nogales 2010). As the Ethiopian case will show, despite its worthiness, it is very difficult both to achieve and assess the inclusion of peasants and grass-roots level institutions in decision-making processes. The Ethiopian case will also prove that the actual degree of participation of the people involved in the planning and implementation processes of agricultural clusters, may differ a lot from official claims. Furthermore, besides low participation, the decision-making process regarding clusters in Ethiopia, appears to have been influence much more by international recommendations and preceding successful foreign experiences, rather than by context-based conditions.

Despite shared consensus on the rejection of state interference in economy, a broad set of tasks are planned for public institutions, in order to create an enabling environment where private companies involved in the same value chains may strengthen cooperation and agglomerate in a specific location. One of the issues that most of the literature stresses concerns the pooling of specialized workers, which is, as seen previously, one of the key factors needed for competitive advantage and to ensure success. Public intervention is indeed expected to have a direct influence on worker education levels (Porter 1998; Gálvez-Nogales 2010), to improve healthcare services, and to encourage private companies to invest in human skills (Porter 1990).

Likewise, public institutions are also required to create a favourable policy environment for cluster development and improvement. In this respect, attention is focused on three ranges of elements: macroeconomic stability, regulatory functions and incentive-based policies (Zeng 2008). The first component is linked to a very broad set of macroeconomic policies concerning mainly the control of inflation, external debt and government expenditures, not really addressed by cluster-focused literature. The second element refers to the need to implement clear trade rules, to ensure sustainable use of natural resources, secure social and environmental regulations (Gálvez-Nogales 2010), to enforce standard quality and safety regulations, to issue a consistent antitrust policy (Porter 1990), to protect intellectual property (Porter 1998), to develop a sound property rights regime, to issue a regulatory framework for investments, facilitate the establishment of contracts and agreements among constituents (WB 2012). The third category concerns the stimulation of private initiative to participate in cluster activities

through: the promotion of a proactive foreign investment strategy, the promotion of public-private partnership, the issue of a cluster export strategy, ensuring access to financing at competitive interest rates (Gálvez-Nogales 2010), deregulating competition, opening market access and rejecting managed trade (Porter 1990), deregulating domestic market, removing trade barriers, ending distortions in exchange rates and taxation (WB 2012). The indications above clearly show that the promotion of agricultural clusters in developing economies has been boosted mainly by a neo-liberal type discipline. Formal and informal institutions created with synergic efforts by public and private initiatives are also expected to play a major role in: technology transfer (WB 2012), providing training and technical assistance to facilitate innovation and technology and knowledge acquisition (Gálvez-Nogales 2010; Zeng 2008), promoting collective and joint actions (WB 2012), boosting access to markets and other business support services (INNO 2010).

Even in the case of SSA countries, governments play a fundamental role in planning and implementing value-chain networks for industrialization. As observed by Monga, special economic zones and clusters are being created in SSA since the 1970s, but many of these have failed to deliver their promises due to «poor design, ineffective management and misguided policies» (Monga 2011: 10). As already observed earlier *vis-à-vis* other spatial development initiatives, sometimes industrial agglomerations and zones have been created without taking into consideration the country's asset structure and without developing a consistent policy framework. Many governments operated directly, generating conflict of interest situations, hampering the development of the private sector, and often resulting in low performance due to lack of expertise and ability. The location choice has sometimes been inappropriate and has lacked transparency, resulting in isolated geographic enclaves without positive spillovers and externalities in the area. The tools implemented for trade promotion have often failed to produce a positive benefit-cost ratio, and have represented instead substantial and unsustainable costs for governments. Due to these main issues, in SSA governments have often been unable to determine direct and indirect benefits (such as export development and diversification, job creation, technology transfer, knowledge spillovers, income generation) through these arrangements (Farole 2011), once again demonstrating that, especially in developing countries, government role is crucial.

To conclude this chapter, government interventions are required to be customer-oriented (Schmitz-Nadvi 1999), to be inclusive, transparent and have a strategic dimension (Gálvez-Nogales 2010), to consider power imbalances, inter-sectoral and inter-cluster connections when implementing cluster policies (WB 2012), to avoid top-down policies and to promote informal connections among cluster constituents. Government role should therefore be limited to promoting factor conditions, political support and economic environment in which cluster dynamics find it easier to emerge and thrive. In following through the evolution of the cluster, governments should: first, create the environment with institutions and regulations; second, assist and promote the emergence of new firms and investments; third, boost the establishment of contract agreements between the parties involved; fourth, foster

cooperation and synergic activities; fifth, develop ability through technical assistance; and last, monitor and evaluate (WB 2012).

After having neglected the role of public institutions in agricultural development for many years, and having consequently promoted the dismantlement of measures protecting the vulnerable smallholding farmers, lately the mainstream model for development is encouraging governments of developing countries to regulate and facilitate the integration of peasants into global value chain networks. Despite general acceptance of the issues, criticism has also arisen regarding developing country governments' ability to negotiate working rules, financial agreements and benefit shares, with companies or corporations whose revenues are higher than the whole national GDP of the national contractor. Other key issues concern the establishment of fair benefit shares throughout the value chain, the contrast between private interests and social and environmental issues, the longstanding problems caused by corruption, and the instability of political as well as economic settings. As long as governments continue to act under these circumstances, agricultural transformation strategies may not fulfill expectations, or may not lead to fair and social benefits.

The study of the agricultural cluster implementation process in Ethiopia gathers relevant contributions from the findings that have been summarized briefly here on the theory and practice of clustering in industry and agro-industry, in developed and developing countries, concerning the main reasons for adopting this approach, the key factors for success, and the implications for public policy. As noticed so far, the cluster approach is generally adopted to strengthen the integration of processes and transactions vertically within a value-chain, or horizontally among different value-chains, as a strategy to cope with (and take advantage of) the global transformation of production and trade relations. The cluster approach is part of a broad range of spatial development initiatives that nowadays require fundamental support from state institutions in order to be implemented. The current implementation of clusters in Ethiopia draws inspiration from the development theory briefly presented here, and is embedded in the evolution process that has been affecting peasantries and agri-food systems worldwide. However, as the following chapters will reveal, current cluster projects in Ethiopia are shaped by a strong commitment by the federal or regional governments, which is frequently implemented on the basis of central planning, rather than in support of existing ventures. Although clustering in Ethiopia has definitely emerged as a consequence of an international pressure to integrate national production in agro-industrial ventures and transnational value chains, in order to be internationally competitive, the rationale behind its implementation can be better explained through the study of peasant-state relations within a long-term perspective. Therefore, the study recommends paying the utmost attention to the dimension of internal politics in the analysis of agro-based clusters in developing economies.

CHAPTER TWO – BUILDING THE ETHIOPIAN WAY: FROM TRANSITION TO CONSOLIDATION

Ethiopia is often considered as one of the most interesting and successful countries in present day Africa, because of its sensational economic performance and rapid improvement in various human development indicators. After the overturn of the Marxist-Leninist military dictatorship in the early 1990s, a coalition of parties differentiated along ethnic lines has established a federal democratic republic, delivered a constitution inspired by liberal and democratic principles (Vaughan, Tronvoll 2003) and initiated a project of «national economic reconstruction» (TGE 1993: 1). The “long-term development strategy” of the GoE has been successful in obtaining an over 7% average annual growth in the country’s gross domestic product (GDP) between 1992 and 2015 according to World Bank (WB) data.¹⁹ The economic performance has contributed to reduce national economic poverty: poverty headcount ratio below 1.90 US dollars per day has dropped from 66.4% of the total population in 1995, to 33.5% in 2010.²⁰ Economic growth has been achieved together with a good performance by many other interventions on welfare: overall enrollment ratio in primary school has increased from 25% in 1992 to 100 percent in 2014, reaching SSA’s average;²¹ under-five mortality rate has been reduced by two thirds between 1990 and 2015;²² stunting and underweight prevalence of under-five year-old children have diminished between 1992 and 2015 from 67 to 40 and from 42 to 25 percent respectively.²³ Thanks to a period of unprecedented peace and political stability, as recorded by The United Nations Development Programme (UNDP), the total population has more than doubled from 48.1 million in 1990 to 99.4 in 2015²⁴ and life expectancy at birth has extended from 47.9 years in 1992 to 64.6 in 2015, surpassing the 59% SSA average.²⁵ It is important to notice that these economic, health and demographic records have been achieved after the detrimental period under the rule of the military dictatorship, that left its successors with an almost-collapsing economy and a population that was worn out by civil war and

¹⁹ - Annual percentage growth rate of GDP at market prices based on constant local currency: http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?year_high_desc=false

²⁰ - Poverty headcount ratio at \$1.90 a day is the percentage of the population living on less than \$1.90 a day at 2011 international prices: http://data.worldbank.org/indicator/SI.POV.DDAY?year_high_desc=false

²¹ - Total enrollment in primary education, regardless of age, expressed as a percentage of the population of official primary education age. GER can exceed 100% due to the inclusion of over-aged and under-aged students because of early or late school entrance and grade repetition: http://data.worldbank.org/indicator/SE.PRM.ENRR?locations=ET&year_high_desc=false

²² - From 205 to 59 deaths per thousand (UNICEF 2016: 118).

²³ - Data for 1992 are from https://data.unicef.org/wp-content/uploads/country_profiles/Ethiopia/Nutrition_ETH.pdf and differ slightly from Solomon Bellete (2005: 16) who recorded 64% of stunting and 46.9% of underweight under-five children. Recent data are from UNICEF (2016: 122).

²⁴ - De facto population in a country, area or region as of 1 July: <http://hdr.undp.org/en/indicators/44206>

²⁵ - Number of years a newborn infant could expect to live if prevailing patterns of age-specific mortality rates at the time of birth stay the same throughout the infant’s life: <http://hdr.undp.org/en/indicators/69206>

droughts. However, the positive results obtained under the aegis of the Federal Democratic Republic are evident and these make Ethiopia one of the most fascinating economic successes in contemporary SSA.

The expected transformation of the economy - and of the country overall – was supposed to involve first and foremost the agricultural sector and the rural society. At the time of establishment of the Federal Democratic Republic of Ethiopia (FDRE), the country was mainly rural-based: rural population represented the highest share of national population, agriculture represented the main source of income for the vast majority of the population. The rural area was the scenario where the armed struggle for independence and liberation movements had taken place in the previous decades. Land represented the defining factor of peasant social and economic life: the most economically and politically relevant and dramatic struggles of the past had been motivated by the administration of and access to land. Almost all Ethiopians still lived in rural areas or still had close connections with peasants and peasant life. For all these reasons, the agrarian part of the society constituted the first and most pressing one to be addressed and involved in the developmental pathway for both economic and political purposes. The following chapters will thus show how the agrarian question proved to be a fundamental issue in the restructuring process of the FDRE.

The undisputed protagonist in the FDRE's project is the Ethiopian People's Revolutionary Democratic Front (EPRDF), the multi-ethnic party that, since the first national polls in 1995, has held its power through five multiparty elections to five-year terms. According to EPRDF's – and composing regional parties – ruling elite and leaders' intention, the structural transformation of the economy was expected to be achieved through an active role of the state. The state was attributed a main role in coordinating and regulating the re-introduction of «an economic system driven by market forces» (TGE 1993: 4), and focused on boosting an export-led agriculture. The process of breaking away from the «command economy» of the Marxist-Leninist inspired regime entailed a selective withdrawal of the state from the economy, intended to stimulate market expansion. However, in order to prevent «rent-seeking activities» from implementing an unequal redistribution of wealth and value that characterizes the «neoliberal paradigm» (Meles 2012: 4), the GoE was supposed to create the necessary conditions for its developmental role to be fulfilled without obstacles. Since the EPRDF has been able to hold the rule of the country for the whole period of the FDRE's existence (until today), the destiny of the developmental pathway undertaken is closely connected to the evolution of its ruling party. As a consequence, the study of the agrarian question in contemporary Ethiopia cannot but be embedded in an in depth understanding of the historical, political and ideological characters of the FDRE and the EPRDF. The study will then proceed with a more specific exploration of the most relevant economic initiatives in rural and agricultural development, within a more agrarian-based narrative.

The presentation of the EPRDF's political trajectory has been divided, for analytical purposes, into a first founding period, and a following consolidation phase, associated respectively to the first and second decade of the EPRDF's rule. Indeed, the former includes the period between the subversion of the

military regime in 1991 and the end of the Ethio-Eritrean war in 2000, which corresponds to the transition from the Marxist-Leninist oriented military regime to the federal democratic republic state, and the initial post-transitional phase. The reason for the choice of the starting point is easily understandable because it represents the beginning of the EPRDF's experience as a ruling party. On the other hand, the end of the war corresponds to the beginning of a new political phase in the Ethiopian development path, starting with a redefinition of the party's leading elite, and continuing with the consolidation of its ruling role, conducted in the national ballots and in the decentralized power structures. The end of the first analytical decade also corresponds to the end of the macroeconomic and structural adjustment reforms implemented throughout the 1990s in order to bring financial and economic stability to the country, and to redefine its identity and position in international relations. During the second analytical decade, the economic direction set up in the previous decade was continued and, indeed consolidated through the performance in economic growth and poverty reduction policies.

1. The First Decade: Transition

The transition process undertaken by the country in the early 1990s was characterized by a certain number of elements: the transition from civil war to peace, a particularly pressing issue in the Northern part of the country; an ethnic-based liberation movement's attempt to acquire popular legitimacy nationwide; the shift from a command economy toward a mixed and market-oriented one, by means of structural adjustment reforms and liberalisations; the transformation of the administrative structure from an historically-embedded political and economic centralisation toward a decentralized one; the comprehensive transition to democracy (Verlaeten 1992a). From both economic and political points of view, the transition represented the founding period of the current FDRE and its government. It consisted in the process through which a coalition of ethnic-based armed movements born within the context of the socialist revolution, emerged as an innovative, trustworthy and reformist force, and acquired international credibility and popular support. The *ratio* for the study of this multidimensional process is twofold: in a retrospective approach, it highlights continuities and breaks with the previous regime; in a long-term perspective, it provides the framework to understand successive evolutions.

The study will proceed with an analysis of the birth and first steps of the FDRE and the EPRDF, from a perspective intended to explore the historical and ideological origins of the political project. The second subchapter will look briefly at some of the most important economic programmes issued and carried out by the governments of the first decade, in order to understand their economic orientation, their continuity with the past and their innovative reformist plan. The third and final subchapter will analyse the main interventions in agricultural and rural development, and the ways in which the peasantry and the agrarian change process have been part of the political setting.

1.1. The 1990s: The Transitional Period, the EPRDF and the Constitution of the FDRE

During the whole period ruled by the regime guided by the military committee named Derg, many rebel groups in different areas of the country sought to challenge its power with a more or less coordinated rural guerrilla. The most efficient opposition to the Derg came from one of the northern provinces of the country, the Tigray province, where the Tigray Peoples Liberation Front (TPLF) was able to put together an organized opposition campaign. As noticed by Markakis (2011) Tigray represented the most neglected and poor province of the country: its agricultural production was seriously hit by ecological degradation, drought and famines, its economy suffered from the absence of manufactured production or economic development projects conducted by the central government; moreover, Tigrayans kept an intense historic grievance against the central Amhara rule.

1.1.1. The Tigray Peoples Liberation Front

TPLF grew out of the Student Movement, the radical group who «drew inspiration from the extreme left of the Marxist ideological spectrum» (Markakis 2011: 162), in the early 1970s, within the movements that challenged Emperor Haile Selassie's rule, and that led to his deposition on the 12th September 1974. The TPLF was founded by intellectuals, bureaucrats of the former regime (*neftegna*) and local notables (*balabbat*) who lived in towns and had received an exceptional education compared to the rest of the population. The front originally fought for the liberation of Tigray from the authoritarian, centralised and ethnocentric regime located in Addis Ababa. Notwithstanding its mostly urban core, the front rejected the proletarian revolution as the driving force for change, preferring a grassroots guerrilla arising from peasant mobilisation (Medhane, Young 2003). By establishing an internal structure similar to other Marxist-Leninist fronts, the TPLF was able to create a widespread presence in the countryside through hierarchical structures and mass associations, that were in turn responsible for spreading the grounding ideology of the grassroots struggle, recruiting activists and soldiers, and gathering strategical information (Vaughan, Tronvoll 2003).

In order to provide the Front with an efficient government structure, the Marxist-Leninist League of Tigray (MLLT) was established in July 1985 (Bach 2011). It soon became the ideological organ of the TPLF, whose efforts were driven by nationalist and ethnic-based claims, against the oppressive control exerted by the Derg over national groups (Markakis 2011; Aalen 2011). The creation of the MLLT represented an important moment in the history of the TPLF because it shifted the struggle's orientation from Tigray to Ethiopia and from a Maoist political struggle model to the Albanian model considered to be less revisionist (Bach 2011); in addition, the establishment of the MLLT increased the project's military and organizational effectiveness (Vaughan, Tronvoll 2003; Medhane, Young 2003).

In coalition with the Eritrean People's Liberation Front (EPLF), the TPLF conducted a grassroots guerrilla that allowed it to seize control of Tigray in 1989 (Aalen 2011). Consistently with its intention

to spread the revolution throughout the whole country, the TPLF launched the EPRDF in coalition with other liberation movements willing to create a common front. The First National Congress of the EPRDF was held in January 1991: the TPLF's revolutionary struggle for democracy and self-determination was adopted unchallenged by the national Front as the ideological core (Medhane 2015). Its first partner in the project was the Ethiopian People's Democratic Movement (EPDM), an expression of Amharan grievances against the Derg regime (Milkias 2001). Where liberation movements committed to share the TPLF and the EPDM's cause were missing, the People's Democratic Organization (PDO) was created jointly by the two, with the intention to expand the revolution in the rest of the country. This was the case of the Oromo People's Democratic Organization (OPDO) and the Southern Ethiopia People's Democratic Front (SEPDF): which were created on purpose to be part of the EPRDF and carry forward its national project, since the existing Oromia Liberation Front (OLF) and Southern Ethiopian People's Democratic Coalition (SEPDC) had refused to participate (Vaughan, Tronvoll 2003). These new organizations were composed by former Derg soldiers imprisoned by the insurgents and educated with the EPRDF's principles and goals (Markakis 2011).

The core of the EPRDF's struggle and national project was the peaceful cohabitation of all the nations, nationalities and peoples of the country, in a federal republic respectful of every existing ethnic claim and guided by the principle of self-determination. The TPLF was the leading front within the EPRDF and played a crucial role in the liberation of the whole country both ideologically and practically. As a matter of fact, when the EPRDF marched on Addis Ababa backed by US support, in May 1991, and officially overturned the military regime, the MLLT conserved its leading role and the Tirgrayan front was providing two thirds of the soldiers to the armed force of the national front (Aalen 2011). In the post-liberation period, the TPLF played once again a prominent and strategic role in handling the transition to the new Ethiopian state. As the following chapters will highlight, many ideological aspects and practical forms of conduct of the party were transposed to the formal structure of the state and shaped in various ways in what Kerkvliet defines "everyday politics" (Kerkvliet 2010).

1.1.2. The Transitional Government of Ethiopia

As for the historical period being described, in the aftermath of Mengistu's collapse, the TPLF called for the participation of various political forces – as representatives of different ethnic interests – to a national conference held in Addis Ababa between 1 and 5 July. The decision to hold a conference came after the failure of negotiations between government representatives and Tigrayan and Eritrean rebel leaders, mediated by the United States Assistant Secretary for African Affairs Herman J. Cohen (Markakis 2011). The fact that Cohen cautioned that aid would be delivered only if the new rulers had met international democratic standards was particularly emblematic of the political conditionality

associated with foreign aid by Western agencies: «No democracy, no cooperation».²⁶ As the chairman of the supreme council of the EPRDF, Meles Zenawi promised his group would cooperate for the creation of a broad coalition government in order to meet the required democratic standards, and to enable international aid to reach the Ethiopian population. Ottaway observes that, since the TPLF represented a very minor ethnic group within the country and therefore lacked the popular support required for its national project, its turn to democratic initiatives can be interpreted as an attempt to find external legitimacy and support by the U.S. government (Ottaway 1995). The United States' participation in the transitional process definitely reflects the global reframing of political alliances and allegiances that characterized the last years of the Cold War period (Haynes 2002).

Over 27 delegations from political parties were «selectively invited to attend» the Peaceful and Democratic Transitional Conference of Ethiopia, while others were excluded because of their political opposition to the democratic and pan-Ethiopian project, and to the EPRDF's leading role within the transitional process (Markakis 2011; Merera 2011: 5). The EPRDF had 32 delegates out of a total of 87, the second most represented party was the OLF with 12, while the remaining seats were divided among more than 20 small parties; this composition allowed the EPRDF to control the conference (Ottaway 1995). Moreover, since most of the attending parties had little popular legitimacy nor a clear agenda because they were so new, the Transitional Period Charter of Ethiopia adopted on 22nd July, reflected almost completely the EPRDF's project to build a democratic and united Ethiopia. The Charter, approved by «the peace loving and democratic forces present in the Ethiopian society», appointed a Transitional Government of Ethiopia (TGE) to «exercise all legal and political responsibility for the governance of Ethiopia until it hands over power to a government popularly elected on the basis of a new Constitution».²⁷

The shift in political orientation from the previous Soviet-backed regime is evident in the Charter, which is explicitly «[b]ased on the Universal Declaration of Human Rights of the United Nations» and repeatedly commits its subscribers to build a «democratic order» through participative processes; individual rights are indeed expressed at the base of the Charter and guaranteed full respect. In addition, collective rights are listed at “Part One. Democratic Rights”, in the form of «[t]he right of nations, nationalities and peoples to self-determination (...) [which consists of] the right to: a/ Preserve its identity and have it respected, promote its culture and history and use and develop its language; b/ Administer its own affairs within its own defined territory and effectively participate in the central government on the basis of freedom, and fair and proper representation; c/ Exercise its right to self-

²⁶ - C.G. Whitney, *Ethiopian Seeks to Form Temporary Government*, in «The New York Times» (on-line), 29 May 1991: <http://www.nytimes.com/1991/05/29/world/ethiopian-seeks-to-form-temporary-government.html>

²⁷ - Peaceful and Democratic Transitional Conference of Ethiopia, *Transitional Period Charter of Ethiopia*, «Negarit Gazeta», 50th year, n. 1, 22 July 1991, Addis Ababa.

determination of independence, when the concerned, nation/nationality and people is convinced that the above rights are denied, abridged or abrogated».²⁸

The country was divided into regions, on the basis of (presumed) ethnic identities. Due to the complexity of the process and the vagueness of the criteria used, many disputes arose within and across boundaries (Markakis 2011). In the formalization of the right to self-determination until independence - which eventually led to Eritrean secession in 1993 - lays the foundation of the new Ethiopian state, based on the opposition to previous attempts to build centralized and homogeneous nations, as happened in both Imperial and Derg periods. In this sense, the Charter constitutes the institutionalisation of the EPRDF's vision of a united Ethiopia and represents a crucial step in the state-restructuring and nation-building processes of under analysis.

By announcing a «politics of plurality», the Transitional Charter signed a «decisive break with the country's past authoritarian culture» (Tronvoll, Hagmann 2012: 14). Nevertheless, as the creation of People's Democratic Organizations demonstrated, the EPRDF did not actually create the grounds for the opposition parties to really challenge its leadership and guidance in the transitional period. Instead of representing a sound coalition for Ethiopia, the TGE and the Council of Representatives were composed of «antagonistic blocs»: on one side there was the EPRDF and its allied parties and organizations, while on the other side there were some incompatible ethnically-based political movements among which the OLF and the All-Amhara People's Organizations (AAPO) (Ottaway 1995). Even though 7 different political groups were expecting to be represented in the TGE, the EPRDF managed to fill the President and Prime Minister positions and take over the Ministries of Defence, Interior and Foreign Affairs. Because of its popular legitimacy and longstanding tradition, the OLF was among the best organized and strongest movements that managed to challenge the EPRDF during the transitional period and thus attained relevant leading positions within the TGE, by taking over 4 Ministries. As set forth by the Charter, the Conference transformed itself into a transitional Council of Representatives and regional and local administrative elections took place in the following months (Markakis 2011). However, as soon as the TGE was created, many among the opposition movements started denouncing the EPRDF of using force and military power to gain control over Oromo and other Southern areas through its party cadres and structures. The OLF sided with the opposing parties, it left the TGE shortly after its establishment and boycotted the local administrative elections conducted in 1992 (Vaughan, Tronvoll 2003). The elections took place in the absence of a real electoral competition (Tronvoll, Hagmann 2012) and the EPRDF's primacy became uncontested in June 1992, when its former guerrilla army was named national defence force (Markakis 2011).

²⁸ - *Ibid.*

1.1.3. *The EPRDF's Constitution*

The EPRDF played a main role also in drafting the Constitution. Following the Charter's mandate, a Constituent Commission was created by the Council of Representatives' and outsiders to be accepted by the Council itself. Since the Council was largely dominated by EPRDF's members, this mechanism did not further political pluralism and led to the unanimous approval of EPRDF's program (Merera 2011). Elections for a Constituent Assembly were held in June 1994, in a climate of growing distrust, extreme polarization and opponent repression. Similar conditions were created during the consultation (among a small part of the population) on the issues of secession and land ownership to be ratified in the Constitution, and during the 1995 federal and regional elections when the EPRDF gained over 90% of the seats in the newly established House of Representatives (Tronvoll, Haggmann 2012; Merera 2011). The opposition withdrew from the polls after being intimidated, harassed and threatened in various ways. The Constitution of the FDRE was issued in December 1994 and finally adopted in August 1995 (Markakis 2011).

The Constitution reflects an overall continuity with the Transitional Charter and with the EPRDF's project of an Ethiopian united and democratic state, respectful of the right to self-determination for all «Nations, Nationalities and Peoples of Ethiopia» (Preamble), defined as «a group of people who have or share large measure of a common culture or similar customs, mutual intelligibility of language, belief in a common or related identities, a common psychological make-up, and who inhabit an identifiable, predominantly contiguous territory» (art. 39/5). In order for this to happen, the Constitution established a federal republic composed by 9 States (*kilil*), «delimited on the basis of the settlement patterns, language, identity and consent of the peoples concerned» (art. 46/2). At a federal level, the Constitution established a parliamentary form of government composed of a House of People's Representatives and a House of Federations. The former is elected by direct universal suffrage every five years and is invested with «the power of legislation in all matters assigned by the Constitution to Federal jurisdiction» (art. 55/1). The latter represents the nations, nationalities and peoples and is in charge of interpreting the Constitution and dealing with issues related to the right to self-determination; it is composed by one representative for each officially recognised ethnic group, regardless of size, and an additional one per million inhabitants. By attributing to the States «[a]ll powers not given expressly to the Federal Government alone, or concurrently to the Federal Government and the States» (art. 52/1) the Constitution furthered federalism beyond the traditional schemes (FDRE 1995). The underlying *rationale* was to give all the nations, nationalities and peoples «an unconditional right to self-determination», to be advocated up to «secession», as stated in art. 39.

The self-determination principle was implemented in the federal state. However, the institutional framework provided for a strong federal government *vis-à-vis* financially dependent regions, and consisted in a power deconcentration, rather than delegation (Vaughan, Tronvoll 2003). As the following chapters will highlight, in spite of all the mechanisms designed for self-determination, all the

claims for democratic participation and all the formal distributions of power, the institutional structure of the FDRE fosters a concentration of powers in the central executive. From then on, EPRDF's political practice in the following years will reveal the intrinsic political and ideological contradictions of its rule and its *ad hoc*-designed FDRE. Consistently, despite an apparent orientation toward Western aid agencies and coherent liberal principles, beyond the façade of legal and institutional procedures, the first decade of the FDRE showed very few elements comparable to other liberal democracies. Ottaway's description of the Ethiopian experience of transition to democracy is particularly trenchant: «[d]emocratization in Ethiopia was started from the end point, with the formal steps that crown the process being carried out before any social or political transformation had taken place» (Ottaway 1995: 75). Indeed, liberal democracy was considered to be a «sham under conditions in Ethiopia», an instrument in the hands of a very limited minority; in opposition, the EPRDF envisaged a «popular democracy (...) based on communal collective participation, and representation based on consensus» (Vaughan, Tronvoll 2003: 117). A contradictory dialectic began to shape the political narrative of the GoE: on one side, concepts such as “good governance” and “economic liberalism” entered EPRDF's discourse and replaced the admiration for the Albanian development model; on the other, old legacies of the Marxist-Leninist ideological roots survived in the practices of the “democratic centralism” – ruling the party and state structures – and “collective mobilisation” of peasants (Aalen 2011; Merera 2011).

1.2. *New Economic Policy and Structural Adjustment Reforms*

As already mentioned, the new political phase corresponded to a shift in national economic orientation. The EPRDF blamed the Marxist-Leninist military regime for the dramatic economic and political errors which led the country on the verge of collapse. Proof of this is the WB calculation of an average per capita GDP annual growth around -2.7% between 1982 and 1992, a result that could have been significantly worse if the post-famine recovery years in 1985 and 1986 had not been included.²⁹ Other economic indicators confirm the negative trend performed by the country in the whole Derg period. For instance, between 1974 and 1990, commodity producing sectors grew at the very low rate of 1.2%, while the service sector performed slightly better with a 3.5% growth rate (Eshetu, Makonnen 1992). Government spending grew steadily from 17% of the GDP in 1974/75 to 47% in 1988/89, most of it went into the military and administrative bureaucracy (IDS 1994).³⁰ As a consequence, domestic savings declined from 13% of GDP before 1974 to 4% in the late 1980s (Eshetu, Makonnen 1992), and tumbled to 0.2% in 1990/91 (IDS 1994), becoming one of the lowest savings rates in the world (Eshetu,

²⁹ - <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ET>

³⁰ - Military spending rose from 3.3% share of GDP in 1974-75 to 11.4% in 1987-88 (Eshetu, Makonnen 1992); in 1990, more than 50% of the recurrent budget was used to finance military and civil war (IDS 1994).

Makonnen 1992). Despite an impressive growth in total government revenue (from 717.3 million to 3,115.2 million Birr), the budget deficit grew six-fold during that time; and due to a drastic rise in imports³¹ and a slow growth in exports,³² the trade payment balance had a negative increase up to 1.5 billion Birr in 1987-88 (Eshetu, Makonnen 1992), and 1.8 billion Birr in 1991/92 (IDS 1994).³³ As a consequence, the country's external debt deteriorated to a critical level: excluding military aid, the state's foreign indebtedness raised to 1.5 billion Birr in 1980, 3.3 in 1984/85 and 7.2 in 1989/90, respectively accounting for 18, 34 and 58 percent of the GDP; the state's incapacity to meet loan obligations generated arrears that reached 1 billion Birr in 1992 (IDS 1994). Where not covered by external loans, budget deficit recovery measures were taken by the domestic banking system, that increased the money supply which in turn led to inflation (Verlaeten 1991; IDS 1994). This had a negative consequence on the peoples' purchasing power, leading to a general rise in the prices of basic commodities and services (IDS 1994), which were aggravated further by a wage stagnation in large sectors of the economy (Eshetu, Makonnen 1992).

1.2.1. Structural Adjustment Programs and New Economic Policy toward a mixed economy

The downfall of the Ethiopian economy was definitely worsened by the effects of unpredictable or deeply challenging events such as particularly acute droughts (in 1984-85 probably as many as 1 million people perished), rapid demographic growth, environmental degradation and external economic shocks³⁴ (Eshetu, Makonnen 1992). However, quite a lot of literature explores the reasons behind the economic failure of the Derg regime and it shares in various ways and from different perspectives, a common blame for the failed attempt to manage the economy (Hansson 1995; Pausewang *et al.* 1990; Eshetu, Makonnen 1992; Naudé 1998). Hence, several reasons justified the TGE for claiming the reversal of the «misguided policies» of the former government, intended to deal with the structural problems engendered by the command economy and to resolve the social crisis which left millions of people in need of urgent help: around 9 million, according to UN (Verlaeten 1991) between displaced people, refugees, post-war invalids, unemployed, former soldiers, widows, orphans and people suffering with chronic food insecurity (Naudé 1998).

³¹ - Rising imports of food, raw materials, fuel and capital goods constituted the bulk of imports growth (IDS 1994).

³² - «Export earnings declined from Birr 942 million in 1985/86 (about \$450 million) to Birr 756 million in 1989/90 and further to Birr 389 million in 1991/92; while imports increased from Birr 2,018 million in 1984/85 to Birr 2,274 million in 1988/89» (IDS 1994: 68).

³³ - The decline in the price of coffee and the fall in volume of coffee export were major causes for trade deficit growth. The trade deficit was 10% of GDP in 1988/89 and 9.3% in 1989/90 (IDS 1994).

³⁴ - Associated to instability of primary commodity prices, these are particularly severe in countries that rely on a single crop for export incomes, as was the case of coffee in Ethiopia, that accounted for 60% of total export value in 1990 (IDS 1994).

The very first step away from the socialist pathway had actually been taken by the newly-established People's Democratic Republic of Ethiopia (PDRE) in the late 1980s, when the pressing economic problems added on to changing international relations and the intensification of the civil war. The first overture to economic reformism came following the resolutions of the 9th Plenum of the Central Committee of the Workers' Party of Ethiopia in November 1988, where, in spite of continued support for the socialist cause, the Committee called for the creation of legal conditions to enhance private investments in the production and service sectors. In 1989, legislation was implemented to remove the limits imposed on private participation in small-scale industries, hotels and joint ventures. But only in the aftermath of the 11th Plenum held in March 1990, was a New Economic Reform Programme (NERP) issued, promoting an overall reversal of the original transition to socialism project. The NERP promoted the creation of a mixed and market-oriented economy, where the competition between all the forms of enterprise and investment - state, private and cooperative – was promoted (Eshetu, Makonnen 1992). The programme aimed to boost real GDP growth, increase food production and food security, increase exports, promote a balanced development between urban and rural areas, enhance welfare service delivery and create economic stability. Macroeconomic reforms and structural adjustment measures were designed to reach these goals, mainly by removing price distortions and restrictions on trade and exchange rates, cutting budget deficit and price inflation (Verlaeten 1991: annex 3). The new Investment Policy and the Special Decree on investments, practically removed all the restrictions for the private sector and created incentives for foreign and domestic investments. However, the full implementation of the programme was interrupted by the famous historical events.

Following the Soviet bloc's withdrawal from the international scenario of financial aid and development assistance, the reformist environment of the late 1980s can also be explained as an attempt to attract resources from Western agencies, who did participate in the draft of the measures to be taken, but ultimately did not deliver any. This perspective seems to be extremely relevant when linked to the transitional and post-transitional period ruled by the GoE: the TGE resolutely committed itself to democratic values and Western-minded economic policies, which were implemented with the collaboration of the WB and the International Monetary Fund.

Hence, in the immediate aftermath of its establishment, the TGE inaugurated a period of macroeconomic and institutional reforms intended to reverse the negative trends of the economy and to begin a democratic pathway: the reforms were to be part of the New Economic Policy (NEP). Even though the TGE was very determined to dissociate itself from the previous regime and to highlight the different nature of its democratic project *vis-à-vis* the «anti-democratic nature» of the previous one (Naudé 1998: 124), the late period of market-oriented reforms announced by the PDRE made its successors' call for

discontinuity less radical.³⁵ The first economic document issued by the TGE was the Ethiopia's Economic Policy During the Transitional Period (EPTP), on 21 November 1991. The paper formally accepted the fact that, in order to pull the country out of the social and economic crisis, a market-driven political economy was needed: «[i]t is evident that in the past state control over the entire economy was the major cause of economic decline».³⁶ Consistently with the transitional pathway traced by the NERP, the EPTP aimed to create a mixed economy with less state involvement and greater opportunities for the private sector, to recognize market rights, to restructure state farms and enterprises on standard market-based principles, to favour domestic private capital and to increase popular participation in the economy; measures to be taken included reforms of the fiscal and military systems intended to reduce budget deficit, regulate inflation and reduce price control (Verlaeten 1991). In spite of the enhancement of market-orientation, the mixed economy was not expected to entail a total withdrawal of the state from the economy. Instead, state ownership in the industry was kept «in a selected number of key establishments that are essential for the development of the economy»; indeed, «major financial institutions that provide services to different sectors of the economy such as banks, insurance companies and other major financial institutions will be under state ownership in order to ensure that they will play their proper role in the process of economic development». The state kept the possibility to «engage itself in the wholesale trade of basic goods of mass consumption» in order to guarantee stabilised prices. Foreign investment was promoted (and allowed) «to engage (...) in those activities in which the state or domestic investors are (...) unable to invest[...] (...) [S]tate capital should be given priority over foreign capital». State ownership of land was to remain temporarily unchanged, until the sentence of a popular consultation to be held in following months.³⁷ It is obvious that the EPTP was the expression of a political compromise, reached between different currents of thought represented in the TGE (Verlaeten 1992a), and characterized by the urgent need for external support and financial resources to resuscitate the economy.³⁸

In view of the economic national emergency, in 1992 the TGE launched an Emergency Recovery and Reconstruction Program (PROGRAM) which lasted until 1998 with the financial assistance of the WB

³⁵ - In the *Discussion on the Draft Economic Policy of the Transitional Government*, Eshetu Chole – Department of Economics, Addis Ababa University - confirms the presence of continuities, as well as differences, between NERP and the forthcoming policy paper presented by the TGE (Tekie 1992: 383-387).

³⁶ - Quotation from *Ethiopia's Economic Policy During the Transitional Period*, The Transitional Government of Ethiopia, Addis Ababa, November 1991, in Naudé (1998: 132, 133)

³⁷ - *Ibid.*

³⁸ - The influence of the national emergency in the process of negotiation characterizing the EPTP is clearly expressed in the words of Makonnen Abraham, from the Ministry of Planning, in the *Discussion on the Draft Economic Policy of the Transitional Government* with other senior officials of the TGE: «As far as currency adjustment is concerned, the Draft Economic Policy has clearly indicated its intention to devalue the highly overvalued Birr. I do not think there is any other alternative, and I do not understand why people are skeptical. Now if someone is really skeptical, then he has to come up with the alternative. The World Bank together with the EEC and other donors are already here to embark upon emergency, rehabilitation and reconstruction programmes on the assumption that Ethiopia will undertake SAP [structure adjustment programme] starting next June» (Tekie 1992: 390).

and other bilateral and multilateral donors.³⁹ The PROGRAM allocated 657.4 million USD «to assist Ethiopia to embark quickly on a process of economic and social recovery and to lay the basis for the follow-up adjustment program» (WB 1998: 1). The program had three parts: a production part aimed at supporting public and private agricultural and manufacturing sectors, which accounted for 45% of the budgeting; an infrastructural one dedicated mainly to roads and telecommunications, water supply and power facilities, that received 35% of the total financial assistance; the third part regarded health and basic welfare services, to which was allocated the remaining 20% of the total (Milkiyas 2011).

Alongside the ERRP and in line with the NEP, the Ethiopian government embarked on a period of macroeconomic reforms and structural adjustment programmes, with a strong commitment by external financial partners. In September 1992, in collaboration with the WB and the International Monetary Fund (IMF), the TGE issued a Policy Framework Paper (PFP) that constituted the political framework for the realization of economic reforms during the 1992/93 – 1994/95 period. The paper envisaged a first phase of economic stabilisation, a following structural reform phase, and a final period for the consolidation of the measures (Naudé 1998). The PFP clarified the objectives and strategies expressed in the EPTP, providing a more precise implementation time frame consistent with the objective of dismantling the command economy in a less controversial way. Some of the most outstanding reforms envisaged: privatizations in all sectors of the economy with very limited exceptions; market liberalizations consisting of price liberalization and trade deregulation; public enterprise reforms intended to rationalize and monitor their activities; incentives to private enterprises; institutional changes affecting market functioning; monetary, fiscal, and external trade policies associated to the stimulation of the private sector and the reduction of the budget deficit; sectoral policies intended to stimulate economic growth, and social policies to improve human development conditions; a national disaster prevention and preparedness strategy including a food security strategy (Bulti 2008; Verlaeten 1992b). In addition, the PFP envisaged more consistent measures to achieve decentralization *vis-à-vis* the EPTP, including delegating to regional administrations the legislative power concerning tax collection (Verlaeten 1992b).

The PFP constituted the ground for the implementation of structural adjustment programs supported by the IMF, the WB and other multilateral and bilateral financing. Although the PFP had been created by a transitional government, given the long-term objectives that were in the plan, the document was expected to serve more than the sole transitional period, and to represent an economic framework for future reforms. In November 1992, the TGE concluded an Enhanced Structural Adjustment Facility (ESAF) agreement with the IMF for the 1993-95 period. The agreement followed-up the liberalization

³⁹ - PROGRAM was «co-financed by the Transitional Government of Ethiopia, African Development Fund, European Economic Commission, European Investment Bank, Germany, Japan, the Netherlands, Sweden, United States Agency for International Development, United Nations Development Program, and reallocation from IDA's existing credits» (WB 1998: 3).

reforms and was expected to generate economic growth, reduce inflation, correct the balance of payments and create foreign exchange reserves: import duties were reduced, initial steps were taken in order to open the financial system to the participation of private domestic banks, an Ethiopian Privatization Agency was established with the goal of privatizing state-owned enterprises (IMF 1999). Subsequently, in May 1993 a Structural Adjustment Credit (SAC1) of about 250 million USD was granted by the WB and its financial partners for the 1993-95 period,⁴⁰ to contribute specifically to the TGE's efforts in boosting economic growth, create employment and ultimately reduce extreme poverty.⁴¹ In line with the PFP and the ESAF, actions to be carried out within the SAC1 regarded macroeconomic stabilization and support for the private sector. Economic conditionality was associated to the follow-up of the SAC1 and to other complementary projects agreed on (or renewed) by the Bank, in support of the overall development of the Ethiopian economy (WB 1993a).⁴² The borrower's performance was declared «satisfactory» by one of the partners who financially supported the programme, the African Development Bank (ADF 1997: ix).

As expected, in the aftermath of its first election, in 1995 the GoE expressed its intention to continue the reformist program initiated by the TGE and prepared a new medium-term adjustment program for the 1996-99 period. A remarkable difference *vis-à-vis* previous policy papers consisted in the new emphasis on poverty reduction as the final goal of the whole economic reformism: «[t]he Government is committed to reducing poverty by achieving a broad-based economic growth, in a stable macroeconomic environment» (GoE 1996: 3). The new element can be interpreted as a consequence of the political legitimacy expressed by the 1995 polls to the Government; or as the result of the consolidation of the dialogue of EPRDF's officials with Western donors, and therefore as an anticipation of the future redirection toward poverty alleviation strategies.

Acknowledging the positive results obtained during the first period of the SAPs, for the period between 1996-99, the GoE envisaged the continuation of fiscal, monetary and credit policies intended to reduce budget deficit, stabilize the economy and enhance private participation in the economy. Also new structural and institutional policies aimed at liberalizing commodity prices, privatizing public enterprises and boosting private sector development were issued. Sectoral policies, human resource development, population policy, environmental protection and food security strategy completed the set of actions the new policy framework envisaged for the period. The GoE's request for financial assistance

⁴⁰ - Extended for one additional year to allow the implementation of the policies (ADBG 2000).

⁴¹ - Several external donors contributed to the SAC1 through external and parallel financing. The contribution of the African Development Bank and three European Governments (The Netherlands, Switzerland and Sweden) resulted in a total of 360 million USD (ADF 1997).

⁴² - Some of them are recalled in SAC1 such as: such as the National Seeds Project, the Fertilizer Project, the Road Rehabilitation Project, the Public Works Project, the Family Health Project, the Seventh Education Project and the Calub Gas Project (WB 1993a).

was supported by a three-year arrangement under the IMF's ESAF⁴³ (which eventually expired after the first year), the WB's sector investment programs (SIPs) and other multilateral and bilateral donors.⁴⁴ Many actions and reforms have been performed between 1996 and 1999 to follow-up the transition toward a market-oriented economy, among which: import licensing simplification, import duty cuts, commercial bank lending rate liberalization, simplification of export regulation, export tax elimination except on coffee, liberalization of all retail prices except petrol, agricultural price liberalization, investment regulation reform to enhance private-public participation, tax system reform, privatization of 175 enterprises, fertilizer subsidy abolishment and legalization of the private trade of fertilizers, civil service reform, introduction of a labour code, and many others (Bulti 2008; IMF 1999; Berhanu 1999).

A new policy framework paper was issued again, in September 1998, calling for a structural reform intensification in the following 1998-2001 three-year adjustment program; it was the fifth PFP, since 1991. Similar measures were envisaged in order to «attain relatively fast, broad-based, and more equitable economic growth with macroeconomic stability», and to integrate Ethiopia into the global economy.⁴⁵ The new framework proposed once again measures to «remove exchange and trade restrictions, increase export promotion, expand opportunities for foreign investors, intensify agricultural and rural development, and strengthen public expenditure management, including improvements to budget planning and monitoring and acceleration of civil service reform» (IMF 1999: 20, 22). In November, the Executive Boards of International Development Association (IDA) and the IMF declared Ethiopia eligible for assistance under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC Initiative). Despite the break out of the war with Eritrea, structural reform implementation continued in the 1998/99 fiscal year, with particular emphasis on privatizations and exchange and trade liberalizations (IMF, IDA 2001a).

1.2.2. A Partial Transition

Some major observations can be made following the brief review of some of the most relevant economic reforms adopted since the establishment of the TGE up to the turn of the millennium. First of all, the impressive set of reforms was overtly influenced by the opening of the TGE and EPRDF's leaders to Western donors. As mentioned, the orientation shift from the Soviet bloc toward the Western international donors community had already been started by the previous regime towards the end of its

⁴³ - The three-year ESAF loan was approved on 11 October 1996 (IMF, *Press Release: IMF Approves New Three-Year ESAF Loan for Ethiopia*, International Monetary Fund, Press Release n. 96/51, 11 October 1996) but after the first year it was allowed to expire since «the mid-term review under that arrangement could not be completed»; a second annual ESAF loan was approved on 23 October 1998 (IMF, *Press Release: IMF Approves Second Annual ESAF Loan for Ethiopia*, International Monetary Fund, Press Release n. 98/51, 23 October 1998).

⁴⁴ - See IMF, *Ethiopia - Enhanced Structural Adjustment Facility Medium-Term Economic and Financial Policy Framework Paper, 1998/99-2000/01*, International Monetary Fund.

⁴⁵ - *Ibid.*

period. However, the TGE and the following GoE were able to attract increasing amounts of financial assistance for the first phase of economic stabilization, recovery and basic liberalization, and for the second generation of macroeconomic reforms in the late 1990s. Much of the confidence and trust acquired was thanks to the political ability of Prime Minister Meles Zenawi,⁴⁶ who brought the reformist project of the EPRDF to the attention of the donors, thus receiving their appreciation: «[t]he commitment of the Government to an economic agenda is reflected in an exceptionally strong sense of "ownership" of economic policies and to probity in their implementation» (WB 1997: 2). Post-socialist Ethiopia increased significantly the amount of financial and development assistance attracted, under different forms: technical assistance, food aid, loans, grants and foreign direct investments. International financial assistance⁴⁷ flows were equal to 12 percent of the gross national product (GNP) in the 1980s and reached an average of 23% in the 1990s (until 1997); in per capita terms, flows rose from 23 USD in the former decade, to 30 USD in the latter. When compared to other similar size SSA countries, these figures reveal a low aid flow on per capita basis, but one of the highest percentages of the GNP. To get an idea of the significance of these flows in terms of development, it is worth observing that in 1996 the official development assistance was equal to 90% of total government expenditure (Berhanu 1999). If considered together with the different economic approaches observed between the EPTP and the fifth PFP, and with the repeated revision of specific measures through the years (since its inception in the early 1990s, the investment regulation was revised four times), these data suggest that the influence of loans and grants on the definition of the country's economic trajectory was remarkable (Berhanu 1999). Furthermore, it is worth acknowledging that in spite of the numerous market-oriented reforms, the government maintained a strategical presence in the economy, and was definitely not subjected to a passive acceptance of foreign strategies. This is particularly evident in the governance sector, which conserved many of the traditional traits revealed in the previous chapter, and that will appear with even more emphasis in the rest of the study. In the agricultural sector as well, upholding the public ownership of land – formalized in the Constitution – caused disagreements with the market-oriented donors, but allowed the government to keep a fundamental tool of political control and economic drive. But also with regard to finance and economics, the transition to a competitive banking system was hampered by the supremacy of the Commercial Bank of Ethiopia on deposits, and by the National Bank of Ethiopia's lack of autonomy. Moreover, despite significant privatizations, large-scale State-owned enterprises, party-owned businesses, party-affiliated NGOs and the state telecommunication monopoly hindered the development of the private sector and constituted a relevant presence in the Ethiopian economy of the late 1990s (Dereje 2011; Berhanu 1999; Haggmann, Abbink 2011; Plaut 2012; Milkias 2001). Further

⁴⁶ - As regards to Meles' relationship with Western donors, Ottaway (1995) reveals that contacts between him and the U.S. government date back to the late 1980s.

⁴⁷ - Calculated as the sum of Net Official Development Assistance Loans, grants, technical assistance and food aid (Berhanu 1999).

evidence of the EPRDF's active control of foreign assistance, concerned the controversy with the IMF in 1997 which led to the suspension of the agreement; plus, Ethiopia embarked on the war against Eritrea (1998-2000) despite the international pressure against the war, which led to a reduction in donors assistance (Dereje 2011). Notwithstanding these elements, the African Development Group declared the Ethiopian structural adjustment programme experience, a winning case (ADB, ADF 2001).

Finally, the Ethiopian experience of transition from a socialist economy toward a mixed and market-oriented one was, characterized ever since its early stages by a very politicized environment. The stabilisation of the economy constituted a crucial step within the Ethiopian political transition experience, yet at the same time, the TGE envisaged the economic transformation of the country as part of the political project. Coherently with the argument that the main reason for the economic destitution inherited from the previous regime, was the non-democratic nature of the regime itself, the new political order was expected to stimulate economic growth. At the same time, economy reform was considered a necessary step in order to make the transition to a democratic order. Henceforth, the unification of economics and politics will characterize the EPRDF's narrative of development, as a means to acquire legitimacy within its own society and among the international donor community. Within this framework, economic and institutional reforms constitute the core of the development project around which the EPRDF will aim to create popular consensus and international support.

1.3. Reforming Agriculture: ADLI, Extension System and the Issue of Land

The legacies of the peasant-based struggle that the TPLF had fought from its origin against the quasi-feudal system of land administration and ideals of the Emperor and the Orthodox Church (Medhane, Young 2003), encouraged the EPRDF to maintain a strong connection with the rural base. This close connection framed the economic plan created by the government since the early 90s, and still constitutes a key tool of analysis for the change and development trajectory of the country as a whole. Beyond the ideological character, the choice for a rural-centred and agricultural-based pathway of development responded to an economic *rationale* based on the material conditions inherited by the Derg. In 1992, the rural population constituted 87% of the 50 million national population,⁴⁸ agriculture accounted for over 40% of GDP⁴⁹ and generated around 90% of total export earnings (Befekadu, Tesfaye 1990). Peasant

⁴⁸ - <http://databank.worldbank.org/data/reports.aspx?source=Health%20Nutrition%20and%20Population%20Statistics:%20Population%20estimates%20and%20projections#>

⁴⁹ - There is strong disagreement around this data, probably attributable to different measurement systems: according to Naudé (1998: 129) by 1991/92 agriculture accounted for 40% of GDP, while the industrial sector 11%; according to WB database, in 1991/92 agriculture composed 61-66 percent of GDP (<http://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=ET>) while industry accounted for 7-6 percent (<http://data.worldbank.org/indicator/NV.IND.TOTL.ZS?locations=ET>). According to WB, this two-year period is characterized by the highest peak of agricultural share of GDP, while the same indicator in immediately preceding and following years scored around 50%. Other sources are more in line with this estimation: Eshetu, Makonnen (1992: 16) reported 43.4% in 1989/90, IDS (1994: 67) rounded off to 40% in the early 1990s. The vagueness of

farming constituted the bulk of the sector, and therefore of the whole national economy: according to estimates, in the early 1990s, the average holding size was 0.73 ha, and around 6 million smallholders produced 96% of the total agricultural output (WB 1995b). Despite this demographic and economic predominance, the agricultural sector was almost stagnant as a consequence of recurring droughts, environmental degradation, increasing population pressure in the highlands, low yields, scarce technological assets, very limited utilization of improved inputs, and many other concurring factors such as unfavourable economic policies and political instability. Habtemariam (2008) reports that agricultural production increased to a 0.6% annual rate between 1973 and 1980, and to 2.1% in the following 7 years. Other sources confirm the sector's poor performance during the 1980s, estimating an annual agricultural output growth of around 0.7% between 1974 and 1990, which meant 2% less than the population growth rate, and represented the lowest growth rate in all the economic sectors, except for construction (Verlaeten 1991). As a consequence, per capita food availability declined from 82% in 1979/80 to 75% in 1986-87 (Eshetu, Makonnen 1992), worsening food shortages and transforming the country into a net food grains importer.⁵⁰

1.3.1. Agricultural-Development-Led Industrialization

The dramatic effects of this stagnation were strongly denounced by the newly established Ethiopian government, in order to legitimate its subsequent initiatives in favour of agricultural support: «as population has grown from 15 million in 1951 to 55 million today, the production of cereals has dropped, on a per capita basis, by more than 25 percent» (GoE 1996: 4). In line with the EPTP, the strategy of economic development envisaged by the TGE, indeed, overtly addressed «as its focus, the bulk of the population», and aimed to generate «economic development and structural transformation», in turn conducive to «sustainable economic growth; equity (...), and self reliance» (TGE 1993: 15-18). The economic transformation involved an administrative reorganization embedded in ethnic and self-determination issues, and therefore committed to provide «national regional administration with full autonomous power to manage regional economies» (TGE 1993: 1). The structural transformation goal was conceived as the transition from an agricultural-based economy dependent on external resources, to an industrialized and self-sufficient economy. The strategy gained knowledge from previous experiences of «export-led development» in post-World War II and the successive switch to «import-substitution strategy», both accused of having «made no meaningful contribution to the country's economic development» (TGE 1993: 8-10).

the expression used in the text is explained by the fact that the estimation is here needed only to get an idea of the high contribution of agriculture in the economy in the late 1980s and early 1990s. There seems not to be any reason for further investigation in this case.

⁵⁰ - In 1981 the country imported 3% of total grain consumption requirements, in 1990 this data rose to 10% (WB 1995b). In 1984-85, external food aid constituted 26% of total food availability in the country (GoE 2002: 5).

Consistent with the «existing conditions» of the country (TGE 1993: 17), the strategy recognized the impossibility to engage in radical projects of industrial-led or export-led or import-substitution industrialization, and instead focused on an «Agricultural-development-led Industrialization (ADLI)» (TGE 1993: 16), that is to say: a parallel and coordinated development of agriculture and industry, in which the former was supposed to play a crucial role in offsetting the structural transformation of the economy toward industrialization. Since agriculture constituted «a source of employment for the bulk of the population (...) [and] the foundation of the national economy» (TGE 1993: 4), it was accorded strategic priority in the development narrative to raise «the living standards of the population (...), for attaining food self-sufficiency, for employment creation, for providing market for domestically-produced goods, for generating foreign exchange, for the availability of raw materials, etc» (TGE 1993: 5).

The ADLI model embraced the theory of agrarian change promoted by Singer and Adelman, which focused on surplus creation, rather than surplus extraction, for the transition to an industrial and developed economy, inspired by the successful experiences of South-Eastern Asian countries. Most of the agricultural policies conducted by the protagonists of the Asian Economic Miracle were indeed aimed at increasing the productivity of the agricultural sector to boost the shift of capital and labour surplus towards industrialization: rather than squeezing resources out of agriculture (for instance through high taxation or by reducing relative revenue), this model attempted to transfer them into manufacturing by rising wages and returns (WB 1993b). The ADLI strategy was based on this successful approach and envisioned for agriculture a three-phase development process: major improvements in traditional agricultural practices, infrastructure and modern agricultural input expansion, increase of rural labour opportunities in non-farming activities (TGE 1993).

The ADLI strategy also gathered insights from the small-farm first issue based on the assumption that smallholder farmers are rational economic agents, and reframed it within its national building processes embedded in a political alliance with the peasants (Kassahun 2016), against the urban bias as opposed to the collectivization practice implemented during the previous regime. The success of the strategy depended primarily on its capacity to improve the productivity of «peasant farmers and pastoralists [who] constitute the cornerstone for launching the strategy» (TGE 1993: 5). Increased yields were expected to strengthen economic growth by generating export products, and by providing raw materials and market opportunities for domestic industrial expansion. However, the links between agriculture and the other sectors of the economy were expected to produce significant transformations only in the long-term, and only after decades of rural and agricultural development support.

1.3.2. Agricultural Intensification: The Extension System and the Food Security Strategy

The rapid transformation of the agricultural sector envisaged by the ADLI was primarily based on boosting production and achieving higher levels of productivity. The leading strategy consisted of a rapid modernization of smallholder farmer production systems, associated to both the agricultural practices and inputs used. Accordingly, between 1993 and 1999, the EPRDF led governments implemented the Participatory Demonstration and Training Extension System (PADETES), a development program which promoted the distribution and application of improved seed-fertilizer-credit packages through a training and visit approach, to increase cereal production (Byerlee *et al.* 2007). The PADETES was a scale-up of the Sasakawa-Global 2000 project, a piloted program of extension, seed, fertilizer and credit created by Sasakawa Africa Association and the Carter Center's Global 2000.

The purpose of agricultural intensification was not new in Ethiopian history, since previous regimes yearned for similar objectives, although by means of different input dissemination systems and usually associated to commercial farming schemes. That was the purpose of the Comprehensive Integrated Package Project (1968-73) and Minimum Package Program (1971-79) implemented during the Imperial period, and of the foundation of the Agricultural Input Supply Corporation (1984) and the Peasant Agricultural Development Program (PADEP) (1986-1995) during the Derg regime (Habtemariam 2008). The PADEP's objectives, under which the Derg provided inputs, credit and extension services using a training and visit approach, to peasants grouped into service cooperatives were particularly ambitious (Spielman *et al.* 2011). Despite the efforts, many of these past projects lacked an integrated vision, financial support, infrastructural background and organizational efficiency, and they did not yield the required results in terms of agricultural production and agrarian change; rather, they often generated very isolated excellencies, or even a total waste of resources. Conversely, the PADETES demonstrated higher levels of efficiency on a small-medium scale, and was therefore scaled up to a country-wide level, under the National Agricultural Extension Intervention Program. Although some argue that the positive trend that the agricultural sector experienced during the 1990s in terms of output, was mainly due to the expansion of the cultivated land, rather than as an effect of improved yields (Byerlee *et al.* 2007; Belay 2003), it is estimated that the PADETES achieved an unprecedented expansion level, reaching around 40% of the overall 10 million farmer households in almost 10 years (Spielman *et al.* 2011).

As already mentioned, the founding objective of the PADETES was agricultural intensification, intended to increase the smallholding sector's production and productivity. In turn agricultural intensification represented the ADLI's main strategy to achieve economic development and food self-sufficiency: on one side, the strategy was indeed expected to increase the production of raw goods and resources required to stimulate the economic growth and stabilization of the country; on the other, it envisaged an ultimate solution to the longstanding food deficit situation of the country which resulted in both transitory and chronic food insecurity. Concerning the latter, the EPRDF led government acknowledged the relevance of the problem, blamed the preceding regimes for their responsibility and reinforced its commitment to the solution of the problem. As a matter of fact, during the three major

droughts that hit the country in 1984, 1987 and 1989, Derg's response was unable to provide the assistance required by large portions of the population, worsening the depth and structure of the food deficit that came as a consequence of the stagnant agricultural sector. The national Relief and Rehabilitation Commission (RRC) - founded by the Derg in 1974 after the severe drought that contributed to Emperor Haile Selassie's deposal - proved to be a political instrument, with which the regime sought to dismantle the rising opposition rebels by condemning hundreds of thousands of civilians to starvation. In addition, the consistent international assistance received by the TPLF during the last years of the Derg regime - in support of Tigrayans' people and ultimately of its subversive final goal - made the TPLF aware of the fact that food security should be considered a political priority to prevent any future rebel group from benefiting – as it did - from the support of foreign aid (Graham *et al.* 2013).

Accordingly, when it came into power the EPRDF promoted the creation of an emergency preparedness and response system under the control of the Federal government, aimed at the alleviation of food insecurity and the avoidance of catastrophic disasters. The National Policy on Disaster Prevention and Management was issued in 1993, according to which an early warning system that linked relief to employment generation schemes was adopted, and the RRC was replaced by the Disaster Prevention and Preparedness Commission (Graham *et al.* 2013; Pankhurst, Dessalegn 2013). The establishment of efficient early warning and emergency preparedness and response systems represented one of the pillars of the Food Security Strategy (FSS) issued in 1996. The strategy was consistent with the “self-sufficiency” objective determined by the ADLI, as one of the priority objectives for the agricultural sector, and for the overall economy. With the FSS, achieving this objective would lead to «narrowing substantially the ‘food gap’» which struck «four million people in the rural sector», and «52% of the country's population» each year (GoE 1996: 1, 2). Accordingly, the FSS envisaged interventions for the enhancement of food crop production and marketing, the creation of employment possibilities through the growth of small business enterprises and the diversification of agricultural production and exports. Beyond these actions taken for the creation of economic growth and macroeconomic stability, in context setting of comparative advantage in food crop international trade of, the FSS also planned additional programs tailored for the most vulnerable areas and targeted to create both availability and accessibility to food security (GoE 1996).

1.3.3. Land and Agriculture, Liberalizations and the State

The ADLI, PADETES and the FSS proved the political and economic commitment that the EPRDF led governments granted to the agricultural sector and to the rural people. This commitment can be seen in the share of public spending that the governments accorded to the sector during the 1990s, which stayed above 11% for almost the entire decade, and even increased in the following years (Tewodaj *et al.* 2008).

However, public support was created within the above political economic framework, which blamed the command economy for having caused instability and stagnation, and consequently relied on market forces and decentralization. Therefore, it is within the “mixed economy” project that the liberalization reforms carried out in the agricultural sector in the 1990s should be observed and analysed. As happened with the monetary, fiscal and trade sectors, a comprehensive reform project of the agricultural sector was issued already in the late 1980s. In 1990 the NERP abolished the fixed prices and quota system created alongside the state-owned Agricultural Marketing Corporation (AMC) – the largest agrarian economy command tool created by the Derg -, and created a more competitive environment for the private sector involved in grain marketing; furthermore, it envisaged a more secure land tenure compared to the past, and it affirmed the voluntary nature of cooperative formation and dissolution (Eshetu, Makonnen 1992; Alemayehu 1992). As soon as the TGE was established, many actions were taken in order to dismantle the command economy. In 1992, the AMC was restructured in the Ethiopian Grain Trade Enterprise (EGTE), a public enterprise that kept the AMC’s mission to stabilise prices, export grains and stock food reserves, but within an open market environment, and in competition with the private sector (Rashid, Asfaw 2013).

Furthermore, the National Seed Industry Policy and the National Fertilizer Policy were issued in 1992 and 1993 respectively, for the partial liberalization of their respective markets and to boost therefore the application of agricultural inputs. The seeds policy sought to encourage the development of domestic private enterprises involved in improved seed production and marketing, to compete with the state-owned Ethiopian Seed Enterprise (ESE) regarding production, and with the public extension structure system regarding the distribution process (Spielman *et al.* 2010). The WB supported the transition with the Seed Systems Development Project, intended to boost the development of the formal and informal seed supply chain to alleviate the structural inefficiencies (WB 1995b). A very similar pathway was designed for the fertilizer supply sector: the 1993 policy abolished the monopoly on fertilizer importation and distribution held by the Agricultural Inputs Supply Corporation (AISCO, founded in 1984), and sought to promote the entry of private enterprises on the fertilizer market of. The reform was supported by a 171 million USD WB credit under the National Fertilizer Sector Project (1996), intended to promote fertilizer use, develop their supply chain and strengthen capacity building as well as soil fertility management and environmental conservation practices. As required by the agreement, the GoE reformed the AISCO into the Agricultural Inputs Supply Enterprise, deregulated retail, wholesale and distributor prices, limited price subsidies and ensured equal engagement of private and public enterprises in import and marketing (WB 1995a).

Initially the reforms brought a positive response from the private sector, especially in the fertilizer sector: by 1996 33% of fertilizer imports were conducted by private firms, while 67 private wholesalers and 2300 retailers were involved with fertilizer marketing. But due to restrictive practices and incomplete liberalizations, shortly afterwards the private enterprises totally withdrew from the fertilizer sector

(reaching a 0% import share by 1999) and kept a very marginal role in the seeds sector (by 2004 only 8 firms were active in seed production, and 70% of maize seeds was still being produced by the ESE) (Spielman *et al.* 2010; Byerlee *et al.* 2007). One of the main reasons for the failure of the reforms had to do with the package distribution system boosted in the early 1990s by the regional governments. The system was conceived to facilitate the inputs package dissemination: a 100% credit guarantee scheme backed by the Commercial Bank of Ethiopia allowed credit to be distributed by cooperatives and local government offices at interest rates below market levels. Being linked to credit rather than cash, the input distribution system did not favour the growth of a dynamic and entrepreneurial private sector. Moreover, since debts were covered by the regional governments, the system limited also the development of private involvement by microfinance institutions or independent financial cooperatives in the rural finance sector (Spielman *et al.* 2010). Hence, in order to boost agricultural production, food security and economic growth, the EPRDF led governments reorganized the agricultural production and marketing systems in order to enhance the private sector's participation and thus benefit from the positive effects of the market economy. But, as evidenced, the state's withdrawal from the agrarian economy was limited, and reflected the political commitment to drive the transition and hold a strong presence in rural areas.

The leading role appointed to the state in terms of economic development and agrarian transformation, was even more evident in the resolution with which the government closed the debate concerning land ownership, which arose in the aftermath of Derg's destitution. The debate developed between two opposing factions: on one side, many representatives of the international donor community of and foreign and Ethiopian academics, supported the privatization of state-owned land for the promotion of a market-driven agrarian economy; on the other side, the EPRDF and its allies defended public ownership as a way to prevent the resurgence of inequalities among the agrarian society (Crewett, Korf 2008). The debate was closed by article 40 of the 1995 Constitution, which affirmed public ownership of land, prohibited any private form of sale or exchange, accorded to every farmer and pastoralist the right to obtain land without payment and to not be evicted from their land except for public purposes (FDRE 1995). The legislation concerning land administration was delegated to each Regional State by article 52, and confirmed by the Proclamation n. 89/1997, Rural Land Administration Proclamation of the Federal Government of Ethiopia, which also introduced the right to lease or bequeath land, labour and capital (FDRE 1997). Therefore, at the end of the 1990s, the transition process toward a mixed economy reached a full legal protection of farmers' use rights, in partial accordance with the suggestions of the international donor community and international economists. The new Ethiopian government of stepped completely away from the previous land administration system by delegating powers to the Regional States (FDRE 1997). Notwithstanding, in the name of equity and fairness, the Federal Government conserved public land ownership and therefore a strong tool of political and economic

control over rural space, which was then exploited without hesitation in the following phases of agrarian transformation (Crewett, Korf 2008).

Bringing the analysis of what has been defined here as the founding period to an end, and closing the analytical circle composed of politics, economics and agriculture, it is possible to draft some major impressions and first insights concerning the FDRE's trajectory. The strategy adopted by the EPRDF led governments, gathered insights from various "agrarianist" authors and development paradigms that backed the successful experiences of South and East Asian countries, and supported the development of the agricultural sector with the economy's structural transformation in mind (Johnston, Mellor 1961; Adelman 1984; Vogel 1994). Compared to the previous regime, the TGE took a significant step aside regarding the conceptualization of the Ethiopian agrarian question, switching from an approach based on the surplus extraction capacity of the command economy, to a strategy of surplus creation in peasant agriculture, for a gradual structural transformation of the economy. Indeed, in line with the ADLI, agricultural development became the leading strategy to achieve food self-sufficiency and to stimulate economic growth.

A second important shift was made concerning the size of the farming economy to be supported: from the Soviet-like collectivization model of the Derg period, to the "small-farm first" approach, as influenced by integrated rural development approaches, and participatory and grass-roots paradigms of rural development (Schultz 1964; Chambers 1983; Ellis, Biggs 2001; Dessalegn 2008a). The new approach came also as a result of the discontent the old model of development had generated among a large number of peasants, who suffered from the dispossession of rural livelihoods caused by the enforced resettlement into village schemes. By conserving public land ownership in name of equity, and by creating a large-scale and multidimensional support system for the peasant farming sector, the GoE took on a paternalist approach toward the rural base of the country, that definitely conveys the peasant roots of the past armed struggle.

Being part of the comprehensive transition project of toward a mixed economy, the ADLI was coherently oriented to rely on market forces for the creation of a sustainable and efficient agricultural sector. The liberalizations adopted were in line with macroeconomic and structural adjustment reforms briefly presented in the previous subchapter, and were oriented to promote the emergence of the private sector in farming and non-farming activities, as well as to modernize the traditional patterns of production. At the same time however, in line with the aforementioned selective withdrawal from the economy, «support from the state in terms of policy intervention and resource allocation» was considered unavoidable for the realization of the economic structural transformation (TGE 1993: 20). As evidenced by the input distribution structure, and by the nature of land tenure, the EPRDF led governments showed some reticence in completing the transformation toward a completely market-driven economy. Hence, the first decade of the FDRE can be figuratively observed as the first signals of the political economic seesaw which will characterize the whole political trajectory of the EPRDF

led governments: a constant shift back and forth between market at one end and state at the other end, between internationally-sponsored neoliberal reforms and historically embedded socialist-influenced legacies.

2. *The Second Decade: Consolidation*

The second decade of the FDRE and the EPRDF's rule is defined here as the consolidation decade. It is indeed the decade when a major turmoil among the TPLF and the EPRDF's officials brought about a strengthening of Prime Minister Meles Zenawi leadership. It is the decade when the transitional phase reforms were replaced by a mix of market-led and state-owned economic reforms created once again with the cooperation of international donors, and when the developmental state project built according to the model of the successful South-Eastern Asian countries was created based on the concepts of poverty reduction, the fight against rent-seeking activities and food insecurity. It is also the decade of consolidation of the positive trends achieved in the agricultural sector, the confirmation of the ADLI and the opening to international trades and private capital. At the same time, peasant-state relations are strengthened by a massive diffusion of state/party institutions in rural areas for developmental and political purposes, and by the inclusion of the alliance with the peasantry within the revolutionary democratic project.

2.1. *The 2000s: Tehadso, the Developmental Project and the National Elections*

In order to present the EPRDF's political course at the turn of the millennium, namely at what has been named here as its consolidation phase, it is worth taking a step back to the late 1990s, and more precisely to the war Ethiopia conducted against Eritrea between 1998 and 2000. The conflict was the result of unresolved problems regarding disputed borders and is often remembered as a brothers' war since enrolled soldiers were sent to war against former fellow countrymen and neighbours. Notwithstanding the impact the war generated in the field of political consensus and legitimacy, the event produced a harsh confrontation within the TPLF for the definition of power relationship, which caused major consequences in the organization and structures of the regional and federal Fronts, as well as in the country's development agenda.

2.1.1. *Renewal and the Developmental Project*

The dispute took place within the TPLF Central Committee, as a further confirmation of the main role played by the Tigrayan Front within EPRDF, and the federal government. The object of the controversy was the strategy to be implemented in the war operations against Eritrea: on one side, the Tigray

nationalists led by the Tewolde-Siye duo who supported a full war against Eritrea, and on the other the group led by Meles who aimed for a rapid end to the armed conflict. As reported by Milkias (2001), the seeds of the internal division were sown already in 1994, when at the time of the Eritrean invasion of Yemen's Hanish Islands, Meles and his supporters sided with the Eritrean cause, while a group led by Tewolde, Siye and General Hayelom opposed the intervention and sustained a redefinition of the agreement pact signed with Eritrea. The debate reflected a different position *vis-à-vis* Eritrea, since Meles and part of the Committees sought to establish friendly relationships with the country – as was also expected by the US and some European donor governments – whereas other nationalists envisaged harsher relations. Furthermore, the dispute reflected a more rooted antagonism within the TPLF's ruling class, mainly due to Meles' intention to dismantle the TPLF to end the influence of its Politburo and Central Committee on the decisions of the Federal Government that he chaired (Milkias 2001).

In the occasion of the Ethio-Eritrean conflict, in the spring of 2000 Meles' motion was defeated by 13 votes against 17 in the TPLF Central Committee, causing further resentment; in fact, at the end of the war in May 2000, the internal debate continued in spite of Ethiopia's victory. The battleground then turned to the discussion of a *Gemgema* Report,⁵¹ with which Meles accused many TPLF leaders of anti-democratic behaviours and corruption and denounced the risk of Bonapartist decay.⁵² With the Bonapartist motion, Meles intended to oust many of his dissidents within the Central Committee, among which Tewolde and Siye. His motion was rejected at the end of 2000, but in February 2001 he was able to reverse the situation, to win the majority in the Committee and to expel his opponents after they abandoned the Committee in sign of protest. Having obtained the support of the Central Committee's majority, Meles began a period of purges against his former comrades and their relatives and friends, who were accused of corruption and financial embezzlement, and sentenced to jail. The purges were not limited to the TPLF's dissidents, they were extended to many other organizations and institutions, whose members were accused of having betrayed the country and its people with their behaviours. Many EPRDF officials were persecuted, part of the army was arrested, as well as some PDO leaders, including even the President of Ethiopia Negasso Gidada, who was once an executive member of the OPDO and of the council of the EPRDF (Milkias 2001; Arriola, Lyons 2016; Medhane, Young 2003).

The events had a major impact on the future of the EPRDF and the Ethiopian government. By claiming the need for a "renewal" (*tehadso*) of the ruling class because of its political and moral decay, Meles

⁵¹ - It is an evaluation technique traditionally adopted by the TPLF, and further extended to EPRDF, civil service and federal government, consisting of criticism and self-criticism components, and intended to preserve the Front's ideological unity and efficient performance. As reported by Medhane, Young (2003), *gemgema* was often used for individual or group punishment, rather than as a real tool of evaluation. It was interrupted during the war against Eritrea, and afterwards resumed with insistence by Meles (Milkias 2001; Vaughan, Tronvoll 2003).

⁵² - Meles adopted Marx and Engels' concept of Bonapartism, used to refer to a situation in which an individual achieves despotic power over the state and society, since neither the bourgeoisie, nor the working class have consolidated their power enough to rule a country. In Marxist terms, the Bonapartist state serves the interests of capital and its own (Milkias 2001).

actually removed all forms of dissent within his parties (the EPRDF and its affiliated), the government, and the state. Incidentally, Milkias observes some sort of continuity with the bloody purges conducted by Mengistu Haile Mariam during the Derg regime, for which he cruelly admitted that he wanted «to have for breakfast those who wanted to have him for lunch!» (Milkias 2001: 3). Moreover, the events had various effects on the internal balance of power of the EPRDF: they limited the political interference of the TPLF Politburo on governmental affairs, they limited the collective character of the TPLF by making Meles emerge as the indisputable leader, they improved the position of the ANDM within the EPRDF's because of its declared support of Meles' motion, and on the same time distanced the OPDO and the SEPDF from central decision-making processes. This split demonstrated how weak the foundations of the ethnic-federalism project were.⁵³

In the immediate aftermath of *tehadso*, some commentators interpreted the process as an opening to the global economy, an estrangement from the radical idea of a working-class revolution and a shift towards liberal democracy (Vaughan, Tronvoll 2003; Medhane, Young 2003). In both political and economic terms, *tehadso* was interpreted as a detachment from the popular base, toward the inclusion of national and foreign bourgeoisie and capital, in the country's political project. It is interesting to observe now – about 15 years after those events and those comments - that although the “bourgeoisification” of the party and of its ideological stance did happen and caused major transformations (for instance in the agricultural sector, as will be presented later on), this did not bring about a serious conversion to liberal democracy, nor an actual withdrawal of the state from the economy, nor even a disengagement from the coalition with the peasantry. Conversely, *tehadso* and the preceding events constituted the background on which the EPRDF legitimated its developmental state project: a «grand project» for a struggle against poverty, inequalities and underdevelopment (Fana 2014: S66), to which each sector of the economy and each group of society, was expected to contribute, and in order for it to be implemented there could be no deviations or factionalisms. For this purpose, along with the renewal process, since the early 2000s the government followed up the decentralization of administrative functions and development initiatives, to increase popular participation and engagement in the national developmental project. Gathering inspiration from the economic successes achieved by the South-Eastern Asian countries, the project envisaged a market-oriented development strategy and at the same time a strong presence of the state. The strategy was embedded in the ideology of revolutionary democracy, according to which a widespread participation of the masses and the protection of a leading party were considered crucial pillars (Hagmann, Abbink 2011). Revolutionary democracy provided a fundamental ideological support for the realization of the developmental state project, since it brought to the state (and the party) the political legitimacy required to play its leading role in pursuing rapid development and poverty

⁵³ - The recent escalation of ethnic-based claims for further representation within the government – especially from Oromo and Amhara groups – is further proof of the problems which the ambitious project of ethnic-federalism has not been able to solve.

reduction. At the same time, under the wing of a project of economic and social development which assumed the connotation of a hegemonic ideology, the leading role the party advocated and struggled for, allowed it to restrict dissenters and opposition movements.

2.1.2. *The 2005 Elections*

The occasion to exert this authoritarian repression appeared at the national ballots in 2005, when after one of the most democratic pre-election campaigns in Ethiopian history, the EPRDF reported an unexpected defeat. At the national election in 2005, the Front was opposed, for the first time in its history, by two coordinated and well-structured national parties: the United Ethiopian Democratic Forces (UEDF) and the Coalition for Unity and Democracy (CUD) (Tronvoll, Hagmann 2012; Markakis 2011). Among the most pressing issues at stake during the campaign period were the ones of ethnicity and self-determination, over which the EPRDF had built a large part of its political legitimacy: while the CUD was for a federal system but rejected the federation on ethnic grounds created by the EPRDF and the 1995 Constitution, the UEDF supported a political system based on ethnic distinctions but opposed the right to secession conceded by art. 39 (Aalen 2011). Given the the EPRDF's attachment to the issues, the pre-election campaigns were characterized by a harsh debate, with strong reciprocal accusations.⁵⁴ In spite of that, for the first time, oppositions were able to campaign through state-owned media and public campaign rallies, and EU observers were allowed to monitor the elections, creating an «unprecedented level of openness» (Tronvoll, Hagmann 2012; Aalen, Tronvoll 2009: 195).

One of the possible interpretations for the EPRDF's choice to open the electoral competition up, is the fact that *tehadso* and the decentralization of party and state structures down to village-levels, had made the Front believe it had rooted consensus among the masses. The shady border created between state administration structures and party-headed groups for mobilization and developmental purposes, ensured the Front an outstanding presence in Ethiopians' lives, especially in the rural areas (Tronvoll, Hagmann 2012; Segers *et al.* 2008); and as reported by the Human Rights Watch (HRW), during the elections heavy pressures were indeed exerted by a «new set of quasi-governmental institutions» on the rural communities (HRW 2005: 2; Aalen, Tronvoll 2009; Lefort 2007). However, election results were unexpectedly different: the CUD and the UEDF increased their seats in the parliament, the CUD won in Addis Ababa and in most urban constituencies, and it gained a third of the votes in the Amhara Region (Aalen 2011). The results were immediately contested by the government in charge, who instructed the National Electoral Board of Ethiopia (NEBE) to review the election-day process. The government and the NEBE were accused of vote rigging, mass protests were set up in the country's main cities and the

⁵⁴ - The EPRDF inflamed its constituency by accusing the CUD of showing political allegiance with previous regimes, of being willing to replicate an Amhara-domination on the country, and of pursuing genocidal policies against ethnic minorities (Aalen 2011).

opposition declared their intention to boycott the parliament (Tronvoll, Hagmann 2012). The government responded by declaring a state of emergency, banning protests, arresting opposition leaders charging them with violence instigation, killing dozens of citizens and detaining thousands. Many were arrested without any charges and put in detention camps: around 20,000 were reported to have been detained in Dedesa camp in Oromia, many others were detained in Denkorachaka camp in North Wollo and in others (Brigaldino 2011; Aalen 2011; Aalen, Tronvoll 2009). The European Union Election Observation Mission (EU EOM) expressed concern about the deterioration of «[t]he human rights situation (...) in the post-election day period» (EU EOM 2005: 1). Accordingly, the flow of international aid from EU, and the UK and German governments, was interrupted for several months (Brigaldino 2011).

In spite of the declarations, 90% of the overall 173 members of the opposition parties who gained a seat in parliament, did not leave. However, their freedom to operate was severely curtailed by a new set of laws implemented by the EPRDF's government, such as, for example, the requirement of a minimum of 183 parliamentary members in order to place an agenda item on the debate table (Merera 2011). From here on, the consolidation of the hegemonic project was pursued on a double level: through the politics of domination implemented at a grassroots level, and through the imposition of institutional obstacles to the political participation of non-aligned organizations. Accordingly, in the following years a new set of repressive laws was passed, providing the government with an institutional tool that guaranteed legal and political legitimacy to its oppressive rule. Particularly restrictive were the Freedom of the Mass Media and Access to Information Proclamation (590/2008), the Registration and Regulation of Charities and Societies Proclamation (621/2009) and the Anti-Terrorism Proclamation (652/2009): the first allowed the persecution of independent newspapers and mass media on charges of attacks to national security and public order; the second basically excluded foreign funded charities and societies from operating in the fields of human and democratic rights, advocacy and peacebuilding; by providing a very broad definition of terrorism, the third Proclamation granted authorities to persecute independent journalists, activists, politicians or any individuals who supported protests and opposition movements, to conduct surveillance over the Internet, mobile phones, and all communication lines (Merera 2011; Arriola, Lyons 2016; Brechenmacher 2017). Furthermore, the Amended Electoral Law Proclamation (532/2007), the Political Parties Registration Proclamation (573/2008), and the Electoral Code of Conduct for Political Parties (662/2009) were used to prevent any repetition of the 2005 post-election scenario.

2.1.3. *“Securitising” Development*

The consolidation of the developmental state project conducted during the 2000s, is brilliantly described by Fana as a process of «securitisation of development»: a rationalization of the «drive to aggressively

extract and mobilise resources as well as increasing the power and stature of the ruling coalition» (Fana 2014: S65). Fana makes a comparison between Ethiopia and its manifest models, South Korea and Taiwan: the author observes that like these South-Eastern Asian countries who created a political allegiance against an external threat (their northern neighbours Northern Korea and China) and took advantage of this opposition for their economic progress, the Ethiopian government has likewise attempted to create popular awareness and political commitment against common threats: rent-seekers and poverty (Fana 2014). Evidence of the scheming of a widespread thought against these «parasitic elements» are observable in the EPRDF's 2005 political program, where revolutionary-like commitment to fight rent-seeking actors (following-up the pathway initiated by *tehadso*) and poverty are mentioned repeatedly, as being considered the most dangerous obstacles to revolutionary democracy and enemies of the Ethiopian people.⁵⁵ Any expression of anti-conformism was, accordingly, accused of acting against development and Ethiopians' interests. For this reason, the laws issued between 2005 and 2010 intentionally limited the freedom of speech, opinion, expression and association of the independent civil society: many NGOs fled the country or were forced to modify their focus, newspapers and other channels of independent voices were strictly controlled and often shut down, violations of human rights exerted by governmental representatives escalated and did not even receive judicial protection or international audit (Brechenmacher 2017; HRW 2010). For that period, in fact, Freedom House reports a declining score of its democratic index (Arriola, Lyons 2016).

Making use of a widespread presence in the countryside - ensured by a massive recruitment policy which increased party members from 760,000 units in 2005 to 6 million by 2010 (Arriola, Lyons 2016) - and benefiting from the political advantage created through the legislative tool, the EPRDF won the local elections held in 2008, and regional and national elections held on 23 March 2010, «by a landslide» (Tronvoll, Hagmann 2012: 19). Hence, at the closing of the second half of the decade of consolidation – as it has been defined here – the EPRDF had created a strong control network, which was especially active in the countryside, that demonstrated its effectiveness in the two voting rounds, and guaranteed the party an unchallenged domination of the entire administrative structure, from federal to village level. 3 million *woreda* (districts) and *kebele* (wards) council members were voted in 2008, without any independent observers involved, which led to 99% of the local seats being won by the EPRDF and allied parties' members (Aalen 2011; Tronvoll, Hagmann 2012). Similarly, in 2010 the EPRDF won 544 out of the overall 547 seats at the House of Peoples' Representatives, corresponding to 99.6% of the votes, and 1900 out of 1904 seats in the State Councils (Aalen 2011). On that occasion, the EU EOM was allowed to supervise the procedures and affirmed that the election campaigns were conducted in a «relatively quiet» environment, and that «the electoral process fell short of international commitments for elections, notably regarding the transparency of the process and the lack of a level playing field for

⁵⁵ - EPRDF, *EPRDF Program*, 2005: 7.

all contesting parties» (EU EOM 2010: 1). The calm that characterized the pre- and post-election periods, the results themselves, and the goodwill with which Meles was welcomed at the 2010 G20 Toronto Summit, were indelible signs of the political maturity and stability reached by the Ethiopian developmental project, on both the internal and external sides (EU EOM 2010; Brigaldino 2011).

Finally, the second decade of the EPRDF rule started with an initial shock within its political leadership, which enabled Meles Zenawi to replace party officials and to strengthen his position as Prime Minister and the EPRDF's unchallenged leader. The renewal process took place simultaneously with the definition of the developmental state project, aimed to revise and update the political trajectory initiated during the 1990s and directed towards a mixed economy. In order for a developmental state to be established, it was necessary to create political homogeneity and allegiance around the project. For this reason, political reforms and procedures during the decade produced an *ad hoc* institutional/legal framework and a decentralized administration shaped by the collision of state and party structures, which brought about the hegemonic project foundation. The following chapters will give a more detailed description of this structure of control and how it had a major influence in shaping the process of Ethiopia's agrarian change. But before going in depth on these dynamics, economics and agricultural-related patterns of the 2000s need to be explored, in order to complete the analysis of the political trajectory undertaken by the country, which in turn is necessary to understand the major transformations currently occurring in the agrarian structure and society.

2.2. *Pro-Poor Growth and Accelerated Development*

In line with many other developing countries, at the turn of the millennium, the GoE has prepared an Interim Poverty Reduction Strategy Paper (I-PRSP) in cooperation with the IDA, the IMF, the European Commission, the African Development Bank and the broad group of UN agencies.⁵⁶ The I-PRSPs were in line with the Poverty Reduction Strategy (PRS), initiated by the IMF and the WB in 1999 within the HIPC Initiative: countries were expected to prepare Poverty Reduction Strategy Papers (PRSPs) as a basis for debt reduction and (subsequently) for the implementation of IMF-supported programs for poverty reduction and growth.⁵⁷

2.2.1. *The Interim-Poverty Reduction Strategy Paper*

⁵⁶ - According to IMF's definition, «Interim PRSPs (I-PRSPs) summarize the current knowledge and analysis of a country's poverty situation, describe the existing poverty reduction strategy, and lay out the process to produce a fully developed PRSP in a participatory fashion»: <http://www.imf.org/external/np/prsp/prsp.aspx>

⁵⁷ - «Updated every three years with annual progress reports, PRSPs describe the country's macroeconomic, structural and social policies and programs over a three year or longer horizon to promote broad-based growth and reduce poverty, as well as associated financing needs and major sources of financing»: *ibid.*

The I-PRSP prepared by Ethiopian authorities is a clear declaration of the GoE's commitment to poverty reduction as a main development goal, made with the explicit aim to increase the flow of international development assistance to the country. More than formal commitments of intent, the I-PRSP and following PRSPs constituted the guidelines for the strategy of development pursued by the government since the early 2000s, and are therefore worth analysing in order to understand its approach to economic development.

The I-PRSP was issued in November 2000. It is a broad outline for the reduction of poverty, based on four pillars: the ADLI, civil service and judicial reforms, decentralization and capacity building. The ADLI is reconfirmed as the driving strategy for economic development: agriculture is considered the vehicle for industrialization and food security, and for these reasons it is expected to become internationally competitive through progress in terms of farming practices and commercialization. Alternatively, the strategy for the industrial sector does not receive comparable attention and is limited to the promotion of private-public partnerships and the solution of bureaucratic obstacles. For civil service and justice, the I-PRSP envisaged the realization of the «second generation reforms», to continue «the political transformation [undertook] under the process of democratization initiated in the 1990s».⁵⁸ In accordance with the reforms issued in the 1990s for the devolution of power from federal to regional governments, the I-PRSP envisaged a further step and established fiscal decentralization at district level, with two declared objectives: bringing decision-making closer to the people, and merging political empowerment and economic development at grassroot level. In the last pillar public and private sector capacity building issues are addressed, for the reduction of resource losses in view of a more efficient public administration and a more competitive private initiative.

Within these four pillars, a strategy of macroeconomic stability, economic growth and increased social expenditures was planned in order to achieve the poverty reduction goal. Accordingly, defence spending was expected to undergo a substantial initial cut and progressive decline, in order to be able to improve the provision of services on health, education, infrastructure, agriculture and other poverty-reducing sectors. Other financial sources were expected to come from an improved tax administration and revenue collection efficiency, the introduction of value added tax, as well as from debt reliefs from the enhanced HIPC Initiative. Stock-of-debit reduction operations were agreed upon on the basis of the important track record of economic growth and macroeconomic stability obtained through reforms during the 1990s, and in view of the government's commitment linked with the I-PRSP and PRSP (IMF, IDA 2001a). Consistent revenues were further expected to come from a greater capacity to increase the aggregate output level of both industrial and agricultural sectors, and as a consequence of several sector

⁵⁸ - WB, *Ethiopia. Interim Poverty Reduction Strategy Paper 2000/01 – 2002/03*, World Bank, Addis Ababa, November 2000.

development programmes launched during the 1990s, among which the last part of the policy paper mentions education, health, HIV/AIDS, infrastructure, and social rehabilitation and protection.

2.2.2. *Pro-Poor Growth and the Resurgence of the State: The Sustainable Development and Poverty Reduction Program*

Being the result of a coordinated job with Bretton Wood Institutions, I-PRSP received many comments from the European Commission and Development Assistance Group who asked for a more explicit and detailed description of the poverty reduction and food security strategy, and of the ADLI's role in it (IMF, IDA 2001b). The suggestions were taken into consideration for the definition of the Sustainable Development and Poverty Reduction Program (SDPRP), issued in July 2002, in which the government outlined a more detailed strategy for economic development and poverty reduction for the 2002/03 – 2004/05 period. The SDPRP did not deviate from the pathway introduced by the I-PRSP, as shown by the presence of the same four mainstays (or building blocks); but greater emphasis was put on the integration of food security and the ADLI to achieve economic growth and poverty reduction. Accordingly, the concept of poverty was associated to a multidimensional vulnerability, to be measured not only with economic consumption indexes, but also in terms of food-intake and nutritional status (MoFED 2002).

In line with the Millennium Development Goals (MDGs), the government placed in the SDPRP its objective to halve poverty by 2015: according to the program, by the end of the SDPRP period, poverty head count ratio was projected to decline by 10%, diminishing on a national scale from 44% in 1999/00, to 40%. Poverty reduction was one of the objectives for the economic development strategy announced by the TGE in 1993 (TGE 1993), along with growth, macroeconomic stability, liberalization reforms, inflation containment, and others. But embedded in the new national project, and under the influence of a modified international approach to development associated to the post-Washington Consensus (Stiglitz 1998), in the SDPRP poverty appeared as the most pressing issue, and its reduction as the government's primary objective. Hence, in the initial pages the SDPRP states: «[f]or some countries, economic growth is the primary policy goal, and poverty reduction would be achieved through measures complementary to growth. This is not the approach of the Ethiopian government. Poverty reduction is the core objective of the Ethiopian government. Economic growth is the principal, but not only means to this objective» (MoFED 2002: 20). Accordingly, overall expenditures for poverty-oriented sectors (capital and recurrent expenditures) are projected to increase from 9.1% of the GDP in 1999/00, to 15.6% in 2001/02, 18.4% in 2002/03 and 19.9% in 2004/05 (MoFED 2002: 199).

The connection between poverty reduction and economic growth is outlined and supported: in order for the goal of halving poverty by 2015 to be achieved, the government estimated that a 5.7% GDP annual growth rate would be necessary. Accordingly, during the SDPRP, the aggregated growth of the economy

was expected to reach an average 7% annual rate, to be achieved through a 7.5% annual growth rate in the agricultural sector, 7.8% in industry, 8% in the distribution services and 5.4% among other services (MoFED 2002: 42). However, economic growth was deemed to be the sole solution for the creation of income inequality; therefore, the SDPRP envisaged a «pro-poor growth strategy», wherein the enhancement of accumulation and productivity was combined with a more equitable distribution of gains and more efficient regulatory mechanisms (MoFED 2002: 26). At the beginning of the new decade, the alleged transition toward the market-economy of the previous decade, is reframed and explicitly submitted to the federal government and its decentralized representatives control and regulation. Thus, the paper underlines that the strategy is conceived on the concept of «ownership», meaning that the designation, implementation and monitoring processes are nationally owned (MoFED 2002: 28). As Dereje underlines (2011), national ownership of development programmes is a common trait in worldwide PRSPs, which is in contrast with the SAPs top-down approach, and is proof of how donors are obligated to work within government systems; however, the special information given by the paper can also be interpreted as the expression of governments' sense of belonging and attachment to the objectives and the strategy. It is therefore evident that the political events of the early decade have fuelled a debate within the EPRDF on the economic approach conceived by the developmental state project, which had a major influence on the definition of the strategy for equitable growth.

Regulation and ownership ran along side with investments and support to key development sectors among which priority is given to: agriculture and rural development, food security, pastoral development, roads, water and sanitation, education and health services. Since Ethiopia was still an agrarian-based country where the largest portion of the national economy and poverty were concentrated, the ADLI was confirmed as the leading strategy. The strategy called for an enhancement of the real sector of the economy with particular emphasis on agriculture, to be achieved through decentralization, private sector investments and public support. Interventions in the rural economy through support of farming and non-farming activities were indeed scheduled, in view of export growth, the strengthening of agro-industrial linkages, and solving food insecurity. Pro-poor development policies were integrated with support strategies to agricultural and non-agricultural production and service provision, which were complemented by the continuation of macroeconomic policies started in the first decade, for the promotion of a more suitable environment for private initiative.

Macroeconomic policies were explicitly based on the stability and performance achieved in the previous decade, and on the continued support of multilateral and bilateral development partners: these were aimed to maintain real GDP growth and macroeconomic stability, increase government revenue and improve international reserves. On the fiscal side, the strategy aimed to promote and diversify exports through an ongoing trade regime liberalization and simplification, to reduce the budget deficit and redirect current spending in the above mentioned key sectors that are strategic for development. In line with the I-PRSP, the fiscal strategy called for a cut in defence spending, a more conservative spending

policy focused on poverty reduction and development purposes, a significant tax burden reduction, and a tax administration system improvement. Further, monetary and financial policies intended to contain inflation through the central role of the National Bank of Ethiopia, to create an efficient and competitive financial sector on a global scale and to reduce external debt.

As already mentioned, an enhanced role of the private sector was envisaged and promoted for employment generation, sustained economic growth and poverty reduction. In Chapter VIII, the strategy for private sector and export development focuses on the creation of a «good balance between the complementary functions of the state and the private sector», and to underscore a «judicious refocusing of the role of the state», which «is not about indiscriminate privatization but about sound government policies that provide room for private initiative and that set a regulatory framework which channels private initiatives in ways that benefit society as a whole» (MoFED 2002: 107). The private sector's contribution is also expected to play a major role in boosting the country's integration in the global market, through an enhanced competitiveness of the productive sectors, agriculture first and foremost. Accordingly, the government has planned interventions to create a favourable investment climate, to improve the finance system, infrastructures and institutional settings for public-private dialogues and cooperation, and to promote the export sector's development.⁵⁹

Lastly, it is apparent that the SDPRP represents a partial shift from a simple liberalization reforms program as envisaged in the EPRDF's first decade, toward a poverty-oriented development program, thus closer and more supportive of the grass-roots levels of society. Although in terms of both macroeconomic reforms and development policies the SDPRP did not stray very much from the pathway toward a market-oriented economy that was started during the transitional period, however a partial but significant adjustment of the developmental narrative is easy to see. Indeed, compared to the economic policy papers drawn up during the 1990s, in this phase less emphasis was put on promoting opportunities in terms of structural change and macroeconomic stability, created by a reform program fostering liberalization and privatization. Instead a lot more attention was dedicated to defining the state's role as a leading driver for development, obviously within a partially-liberalized framework, but with a more specific focus on social and economic equity. As already mentioned, this partial shift should be analysed in view of the internal turmoil faced by the EPRDF in the early 2000s, and of the broader change in the approach to development assistance, commonly referred to as the post-Washington Consensus.

⁵⁹ - On the fiscal side, for instance, this corresponded to a sustained individual income tax reduction from 40 to 35 percent (following the decrease from 89% obtained thanks to previous reforms), and from 35 to 30 percent for businesses (MoFED 2002: 109). At the same time, the government simplified and streamlined export regulations, abolished export duty on all commodities except for coffee, devaluated the exchange rate, and promoted private-public partnerships in order to promote export (MoFED 2002: 114).

2.2.3. *State and Development, the Consolidation of the Plan for Accelerated and Sustained Development to End Poverty*

The SDPRP was implemented and achieved reasonably positive results in terms of economic growth and poverty reduction,⁶⁰ even though spending and GDP growth did not achieve the expected results and despite significant inter-regional variations. To continue on its positive track, in September 2006 the government issued the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), giving the guidelines for economic development in the 2005/06 – 2009/10 period. From the introductory pages, the continuity with the economic strategy pursued in the previous period is highlighted and taken further: higher rates of economic growth and poverty reduction were expected to be achieved through interventions in key strategic sectors and pro-poor initiatives. The GDP growth rate was expected to reach a 7.3% annual increase, while the number of poor people was expected to decline from 38 to 29% by 2009/10 (MoFED 2006: 39, 55).

Looking at the selected strategic sectors, there is no consistent change; instead, some old and new issues are addressed: agriculture, education, health, AIDS/HIV, infrastructures, tourism, mining, trade and industry, urban development, regional development strategy and urban-rural linkages, population, gender, addressing children's specific needs, governance, capacity-building and decentralization, environment, pastoralism, youth. The strategies pursued for development were consistent with the previous period (MoFED 2006: 57-66). Economic growth constituted the PASDEP's, as well as the SDPRPs, essence to be achieved within the ADLI context, by boosting agricultural production diversification and commercialization, and by strengthening inter-sectoral linkages. The development of agriculture was considered of vital importance towards strengthening the weak industrial sector. Furthermore, the private sector's contribution to the real, financial and external sectors was expected to increase, in order to improve competitiveness, expand trade and increase and diversify exports. Thus, micro and small-scale enterprises were expected to play a major role, and to be assisted by the promotion of state owned banks and decentralized institutions of governance capacity building, inflation containment and exchange rate stability, the expansion of private financial institutions such as the Micro Finance Institutions (MFIs), and the creation of private-public joint ventures. International trade expansion was also expected to be fostered by the ongoing integration in the World Trade Organization.

In spite of this continuity, the vision and conceptual support of the PASDEP's framework represent a step forward in the consolidation and maturation process of the government's political project, as witnessed by the following sentences: «[a]lthough the PRSP process started in 2000 as a process largely between Government and donors, in Ethiopia, it has now evolved beyond that, and the PASDEP is now considered a national plan for guiding all development activities during the coming five years. Equally

⁶⁰ - Real per capita GDP grew at a 2.8% annual rate, 3% less than the planned level, but poverty head count ratio declined more than was expected, from 44 to 38 percent (MoFED 2006: 39).

importantly, it is a nationally agreed development plan belonging to all Ethiopians, developed through a process of consultation among all elements of society» (MoFED 2006: 1). Accordingly, compared to the SDPRP, the PASDEP's vision is broadened in conceptual and temporal terms. The poverty-reduction bias was replaced by the focus on broader economic development: «[t]he main objectives of the Five-Year Development Plan is to lay out the directions for accelerated, sustained, and people-centered economic development as well as to pave the groundwork for the attainment of the MDGs by 2015» (MoFED 2006: 44). In line with the MDGs, the PASDEP was supposed to constitute the first phase of a long march toward economic progress, that «[i]n the coming 20 to 30 years» would have led the country «to reach the level of middle-income countries, where democracy and good governance are maintained through people's participation and where good will and social justice are secured» (MoFED 2006: 44). The scheduling of a long-term and strategically expanded vision may be interpreted as a step forward by the Ethiopian government in its political and economic consolidation process. On one side, in so doing the government actually includes the Ethiopian people's needs and the developmental project's goals, in speeding up the economic development process. The coalition with the Ethiopian people, and with the peasants in particular, is thus confirmed and consolidated in view of the revolutionary struggle for development. In part 14 of the Introduction, the 2005 EPRDF program stated: «[o]ur Front is fundamentally an organization of the peasantry which is the main force behind revolutionary democracy». ⁶¹ On the other side, at the same time, the Plan proves the government's continued allegiance and adhesion to the narrative and values of Western countries and donors, in view of the consolidation of its position in international relations and cooperation.

In accordance with the developmental state project, the state was appointed a strategic role in the creation of an enabling environment for private investment and business activities, and a complementary role in the economy with greater domestic and foreign private participation: «[t]he role of the Government in the framework of free market economy is to support and fill the gaps that could not be adequately covered by the private sector» (MoFED 2006: 158). In some cases, this entailed a resurgence of the state's interference in the economy, as demonstrated by the renationalization of wheat imports in 2008: following the 2007 oil crisis and the soaring domestic prices of wheat in the 2006-2008 period, the GoE started rationing the delivery of foreign currency to private importers - who had been controlling the markets since the 1990s' reforms - causing their collapse; and the EGTE began importing wheat in 2008 and to distribute it through large-scale millers and bakeries at subsidized prices (Minot *et al.* 2015). Furthermore, total spending in the PASDEP period between 2005 and 2010 was expected to increase from 25 to 27 percent of the GDP, overall poverty-oriented spending from 14 to 22 percent, and capital spending from 12 to 16 percent (MoFED 2006: 55). In developmental terms, the role attributed to the state was essential because it was expected to create an enabling environment for the private sector, to

⁶¹ - *EPRDF Program*, 2005: 6.

prevent market failures, to protect from rent-seeking behaviours through regulation and control, and to invest directly in the growth of agriculture, industry and services. Party- and public-owned enterprises conserved a vital role in the economy's productive and service sectors, as well as in development activities (Hagmann, Abbink 2011). At the same time, donors continued to play a major role in the Plan's financing, and three mega development projects were started with their contribution: the Public Sector Capacity Building received USD 483 million, the Productive Safety Net Programme USD 350 million annually, and the Protection of Basic Services USD 1 billion (Dereje 2011).

2.2.4. *Party, State and Market in the 2000s: The Consolidation Decade*

The SDPRP and the PASDEP represented the two most important policy papers concerning economics and development to have been drawn up in the first decade of the new millennium. During the first half of the decade, the I-PRSP and the SDPRP expressed the EPRDF's continued allegiance to donor-supported macroeconomic reforms, while at the same time reinforcing once again the state's role in the economy. During the transitional period, the dismantlement of the command economy and the introduction of a new phase of market-led reforms were overtly conducted to emphasize the beginning of a new phase in political economic terms, and to attract the financial support required to rehabilitate a collapsing economy. At the turn of the decade, when the emergency phase was over and the government had acquired international support and internal legitimacy, the TPLF-led government found the opportunity to take a step back towards its Marxist-Leninist origins, and a step forward to the implementation of the developmental state project. Evidence of this turn could be seen in the SDPRP, where the focus on liberalizations and privatizations was merged with the definition of the state's regulatory and active role in the economy. At the same time, it is worth pointing out that this new emphasis on the state's role as protector from the rent-seeking deviance of capitalist economies, took place within the PRSPs context, and therefore within a Western-oriented conceptual framework and economic approach. For this reason, it becomes apparent that the start of the developmental state project did not solve the intrinsic contradiction in the EPRDF's approach to political economy, figuratively described above with the seesaw metaphor. On the contrary, because its proposition strengthened the link between political legitimacy and economic outputs, the controversial relationship between state and market became stronger under the form of «developmental capitalism» and «revolutionary economics».⁶²

During the consolidation decade, two parallel and apparently opposing tendencies were therefore taking place: the first, centripetal trend, aimed to maintain the alliance with the country's peasant-base and to

⁶² - These concepts are borrowed from Vaughan (2011) and Hagmann, Abbink (2011) and are used to express a strategical change occurred in EPRDF's mission: from socialist transition to a more nuanced version of capitalism with social and developmental influences.

create a nationally-owned development pathway; the second, centrifugal trend, which pushed for the internationalization of the consensus on the developmental state project, and for the integration of the Ethiopian economy in the global market.⁶³ The former was in line with the developmental state project and concentrated resources and efforts towards the creation of an equal and fair economy, by opposing all alternative positions in the name of Ethiopian interests, and by keeping a constant limit on the private sector's full development. Furthermore, as a consequence of the second force, the process of ruling elite detachment from peasant society, which started within the TPLF when it shifted from Tigray's regional struggle for independence to become the ruling party of a large country (Medhane, Young 2003), became more intense. Thus, the extension of party recruitment (Arriola, Lyons 2016), and the capture of local elites into sub-*kebele* institutions with developmental and political afflatus, taking place since the second half of the decade, might be interpreted as attempts to counterbalance this centrifugal tendency.

2.3. *Transforming Agriculture for Development: Technological Change, Food Security and Global Markets*

At the turn of the millennium, agriculture and the agrarian sector still represented the core of the country in demographic and economic terms. Ethiopia was still an agrarian-based country since 85% of Ethiopians relied on agricultural incomes as their only source of livelihood (MoFED 2002: 113), and rural dwellers accounted for over 86% of the population (MoFED 2002: 9). Furthermore, as described above, in the political events of the new decade there has also been a confirmation of rural space and peasant political centrality for the EPRDF's legitimacy and developmental narrative: in fact, party structure intensification in the rural environment played a fundamental role in the 2005 elections, and the peasantry coalition still featured the revolutionary democratic Front.

⁶³ - Both tendencies can be observed in the start of the country's integration process in the Comprehensive African Agricultural Development Programme in 2008, where it formalized a continued commitment to achieve 6% annual growth in the agricultural sector, and to expand international relations and volumes of trade (Callihan, Tadesse 2012).

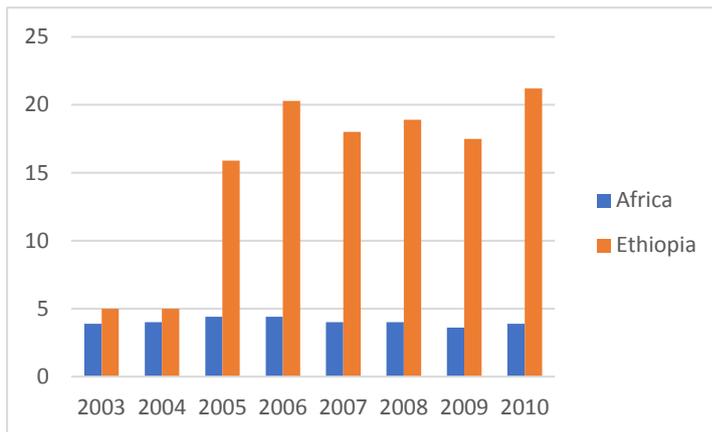


Figure 1 - Agriculture expenditure share out of overall expenditure (%).
Personal elaboration, source: Benin, Yu (2012)

Accordingly, rural and agricultural development constituted political priorities for the economic growth and poverty reduction objectives pursued during the decade. As figure 1 shows, this commitment was translated into financial support: particularly during the second half of the decade, the share of total expenditure that Ethiopia has invested in agriculture has been way above the African average.

The rationale for the continued focus on agriculture within the ADLI strategy was highlighted in the SDPRP: compared to their urban fellow citizens, rural dwellers had the worst rates for child wasting and stunting, literacy and access to health services. Despite important improvements, national poverty was still concentrated in rural areas:⁶⁴ by 1999/00, 45% of the rural population fell below the international standard poverty line.⁶⁵ The bulk of the rural economy was constituted by subsistence farming households, characterized by low capital investments, traditional cultivation practices and decreasing plot size: in 1999/00, 64% of Ethiopian households holdings measured less than 1 hectare (MoFED 2002: 14). In line with the ADLI, rural and agricultural development policies were given priority due to their contribution in terms of poverty reduction, food security and economic growth. The strategy was based on inter-sectoral linkages and associated to a greater food products supply, higher wages and greater raw material supply for industrial production and trade. Increased incomes were associated to higher consumption rates, which in turn led to a greater domestic demand for processed goods. This was expected to boost the opportunities for domestic capital formation and to improve exportable product quantity and quality; consequently, national entrepreneurial and private sectors were expected to benefit from the expanded markets and to become competitive on a global scale.

The following paragraphs will present the strategies for rural and agricultural development outlined in the main policy papers issued by the government in the first decade of the millennium, from three different perspectives: interventions for technological change and market interaction, private sector promotion through global market integration and land administration reforms, and the evolution of the food security strategy.

⁶⁴ - In 1995/96, rural dwellers constituted 86.5% of the total population, but accounted for 90% of the national population living in poverty; in 1999/00 these data have respectively changed to 85 and 88.7 percent (MoFED 2002: 9).

⁶⁵ - The data for urban inhabitants is significantly lower: 37% (MoFED 2002: 34).

2.3.1. *Tailoring the interventions to existing conditions: the extension system for technological change*

The rural and agricultural development strategy objectives are explained clearly in the Rural Development Policy and Strategy (RDPS), a policy paper issued in April 2003 by the GoE, in consistent with the SDPRP and embedded in the ADLI: «[t]he Federal Democratic Republic of Ethiopia underscores one basic objective with regard to economic development: to build a market economy in which (i) a broad spectrum of the Ethiopian people are beneficiaries, (ii) dependence on food aid is eliminated; and, (iii) rapid economic growth is assured» (MoFED 2003: 9). Four elements are indeed identified in the strategy. First, the ADLI is expected to engender greater economic growth through the linkages of agriculture with other sectors of the economy. Hence, despite «[a]ll the economic sectors are made to grow in a mutually reinforcing manner (...) [a]griculture occupies the position of prime economic mover and industry and trade are made to grow in conjunction with agriculture» (MoFED 2003: 10). Second, in line with the PRSPs' principles, the economic growth needs to be broad-based and to contribute to the reduction of poverty; accordingly, efforts are envisaged to improve the entire population's productive capacity and for their effective employment. Third, the strategy is intended to be a part of the global integration process, and therefore expected to eliminate the country's food aid dependency, increase the purchasing power of the majority of the population and promote an internally interconnected national economy. Fourth, growth encompasses a market-oriented strategy.⁶⁶

In the Ethiopian agricultural sector context, the transition toward a market economy depended mainly on a large-scale growth of marketable inputs and outputs handled by peasant farmers. Accordingly, the policies and strategies for agricultural development contained in the SDPRP, the RDPS and the PASDEP focused on input adoption intensification and farming method modernization, in view of production and productivity growth, and for a market share increase. In line with the PADETES achievements, the intensification was linked to greater technological progress, to be obtained through enhanced research on and application of improved inputs: mainly seeds, fertilizers, pesticides and machinery. Consequently, the SDPRP planned the expansion in the number of farmers receiving extension packages from 4 to 6 million by the end of 2005, it created 25 college level agriculturally-oriented Technical Vocational Education Training programs, and it supported the creation of Farmer Training Centers to be located in each *kebele* and to eventually house three qualified development agents (DAs) each. During that period, the extension system programs attracted a large portion of the public investment in agriculture: around 50 million dollars per year, equal to almost 2% of the agricultural GDP, 4 to 5 times greater than the investment in agricultural research (Byerlee 2007: 12).

⁶⁶ - The RDPS, the SDPRP and the PASDEP promoted a linear approach to rural and agricultural development with no particular differences between one another; therefore, the following presentation, integrates the three papers in order to provide a comprehensive understanding of the strategy.

As already noted, the shift from the SAPs to the PRSPs was framed by the intention to move away from economic reforms designed with a one-size-fits-all perspective. In the same line of thought, the strategy associated to the extension system and issued in the aforementioned papers was coherently based on the country's conditions at the time. Therefore, since the rural economy was characterized by low capital availability and investments, the strategy was purposely oriented to promote labour-intensive farming systems, through the following measures: enhancement of industriousness and work preparedness, farming skill improvement through education, farmers' health protection and dissemination of appropriate technology. Similarly, input and training dissemination development packages were tailored to the country's agro-ecological specificities, based mainly on climate and rain conditions of the regions. Three particular zones were chosen, and differentiated strategies were designed to take advantage of the comparative positive aspects of each area. Drought-prone areas (defined "moisture stress areas" in the PASDEP) were targeted with development packages focusing mainly on environmental management and protection to reduce production volatility, off-farm income generating activities, emergency assistance and voluntary resettlement schemes. In areas with adequate rainfall, packages aimed at the intensification of food crop production to fulfil national requirements, foreseeing also transfers from food-surplus to food-deficit areas. Furthermore, being market-oriented, for areas with adequate rainfall the government promoted the diffusion of high-value crops like vegetables and fruits, but also traditional export crops like coffee, tea and spices, in order to increase revenue and accelerate capital accrual. In pastoral areas, packages were aimed mainly at market-driven livestock development and water conservation and management.

Development packages were therefore based on diversification and specialization principles, that will reappear in various ways in the next paragraphs. During the 2000s, diversification was intended in two senses: as previously said, as a reflection of the diversity of agro-ecological zones it was used for the designation of bottom-up packages; moreover, it was also promoted on individual farms as a form of protection against the risks associated with monocropping. The specialization concept, repeatedly mentioned in the papers but not scrutinized in depth, refers to the principle of focusing on selected development packages and crops in different regions and zones, in order to benefit from the comparative advantages of each location and to promote high-value and export-oriented productions. This principle, used also by the PASDEP to select specialized corridors/areas for better supply chain performance and fruit and vegetable exports, could be seen as a pioneer to the cluster approach that will be discussed in the next paragraphs.

Interventions were also planned on the market-side of the supply chain, particularly regarding the improvement of market information provision, price stabilization and fostering market interaction between farmers, private traders and state trading enterprises through semi-public enterprises. Particular attention was paid to the improvement of the rural finance sector, by creating a more efficient credit supply system for farmers. Previous reforms did not entail significant changes in the sector, since

regional administrations still acted as intermediaries between farmers and formal, commercial banks; as already seen, this system was highly inefficient and regional governments were often forced to take on the burden of debt, and to pay for insolvent farmers. For the sector, the strategy persisted in the expansion of the MFIs' borrowing capacity, and in replacing regional administrations with rural banks to extend loans to farmers.

Multiservice cooperatives were expected to play a central role in agricultural marketing and rural finance. In the first case, strengthening the cooperatives' role was expected to entail an improved access to agricultural inputs for member farmers, to aggregate production and provide storage services, to foster standardization and grading, and to provide collective agricultural machinery. As a consequence, both input and output marketing were expected to benefit from the aggregation of farmers into agricultural cooperatives. On the financial side, cooperatives were also expected to act as intermediaries between the farmer and the financial institution, thus backing the risk of insolvency, and at the same time improving the farmer's chances of obtaining credit.

2.3.2. Promoting the private sector: tenure security to attract private investments

In addition to cooperatives, another fundamental actor backed by the government to enhance agricultural development, was the private sector: including the better-off small-holding peasant farmers with entrepreneurial will, the national middle-class involved in non-farming activities, and foreign investors looking for income opportunities in Ethiopia. As seen before, the private sector promotion was not a new aspect of the Ethiopian strategy, since even during the so-called transitional period the dismantlement of the command economy was expected to bring about a parallel increase in the contribution of private capital towards development. However, the link of agriculture with other sectors of the economy, and the attraction of foreign capital to agriculture, were definitively given greater attention after the turn of the new millennium.

Market-sensitive farming decisions, and land- and labour-intensive cultivations represented the way to increase production and productivity. Along with intensification, pursued through the aforementioned technological turn, in areas with adequate rainfall the strategy also envisaged the differentiation into high-value crops, which responded better to conditions of land scarcity and labour abundance, and which ensured high profits for small plots. In this way, the creation of marketable surplus by smallholder farmers was expected to increase their income, boost their competitiveness, and ultimately turn them into commercial farmers. The transformation would have entailed higher incomes for peasant households, with positive effects on food security and broader economic growth. Moreover, an expanded agricultural product market would have also strengthened the linkages with the industrial sector, mainly through the stimulation of small and medium scale manufacturers involved in production of farming tools, fertilizers, pesticides, as well as in output processing. The PASDEP emphasizes

particularly the promotion of agro-industrial programs in traditional high-value crops like coffee, tea and spices. If supported with infrastructural development, and an adequate legal framework, high-value productions were also expected to be channelled toward exports, whose expansion was continuously promoted by the government as a fundamental long-term objective, in line with the ADLI.

The shift from food crops to high-value commodities was also motivated by the absence of a well-developed urban economy that could stimulate sufficiently the agricultural production. High-value crops presented larger opportunities in the international market and were consequently more attractive to national and foreign investors. Through the promotion of private capital investments in agriculture, the government gradually moved away from the focus on small-scale peasant farming that originally framed the ADLI, in view of a more complex and comprehensive interaction of agriculture with national and international markets. In fact, since the SDPRP, the government used different ways to promote the creation of large-scale commercial farms, out-grower systems and contract farming schemes, in order to integrate local peasant farmers and private capital. Although the agricultural input market was still tied up by the dominance of state-owned or parastatal enterprises (Byerlee *et al.* 2007; Spielman *et al.* 2010, 2011), other interventions promoted the creation of an enabling environment for local private initiatives to develop, and for foreign private capital to invest in Ethiopia. Accordingly, investments were planned for infrastructural development (mainly rural roads, irrigation systems, electricity, education and health services), the provision of skilled agricultural labour force was fostered by new TVET schools, settlement programs and a more suitable rural land policy were promoted to make land more easily accessible to private investors.

The last issue is remarkably important in terms of agrarian change, since it engendered macro-processes of rural economy and space transformation. Hence, a program of rural land registration and certification was started in the early 2000s in order to actively foster private investment in «areas having large unutilized agriculturally suitable land» mainly in the lowlands (MoFED 2003: 58), or in smaller areas of the highlands for capital-intensive crops. The registration of all rural land and particularly the individualization of land tenure, constituted contentious issues between the government and internal as well as international stakeholders and financial partners – the World Bank first and foremost (Deininger *et al.* 2003a, 2003b) - reflecting a long-standing debate on land tenure and property rights in Africa to which many illustrious academics have contributed with contrasting arguments and evidence.⁶⁷ It is not worth going into a detailed presentation of the land tenure issue here, but it is worth remembering that in the early 1990s the government refused to privatize land ownership in order to prevent poor farmers from selling their land and be left without any asset for their livelihood, to avoid the resurgence of inequalities in rural economy, and to keep a strong tool for political control. On the other side, many

⁶⁷ - For a short review of the relative literature and recent policies and strategies, with interesting references to the Ethiopian case see Place (2009).

research institutes, financial partners and scholars wanted to provide peasant farmers with clear, transparent, exclusive and transferable user rights, as a main way to increase their tenure security - intended as the extent to which holders feel their rights will not be arbitrarily violated by any other person or governmental administration – thus leading to more land investments, higher agricultural productivity, and increased credit accessibility by using land as a collateral (EEA/EEPRI 2002).

In allegiance to some of these pressures and in order to enhance private initiative in the agricultural sector, since the early 2000s the Ethiopian government, in cooperation with some international donors, started a rural land registration programme for the four main regions, with the purpose to provide each farming household with a use rights certificate and to create a registry at the *kebele* office. While ultimate land ownership was vested by the state, farmer households were to be granted use rights certificates by the regional governments, in accordance with Proclamation n. 89/1997 (FDRE 1997: art. 6/10). Registration and certificate distribution took place in Tigray, Amhara, Oromia and the Southern Nations, Nationalities and Peoples' Region (SNNPR) in a dissimilar way and very slowly due to a resource shortage and lack of commitment by the local institutions in charge. But during the 2005 election campaign period, because the opposition parties were gathering consensus against the government for a land administration policy with more secure rights for farmers, the certification process was speeded up in order to win back the support of the rural population (Dessalegn 2008b: 193). Moreover, two new Proclamations were issued right before the elections: the Rural Land Administration and Use Proclamation, and the Expropriation of Landholdings for Public Purposes and Payment of Compensation Proclamation. The former replaced Proclamation n. 89/1997, confirmed peasant farmers, semi-pastoralists and pastoralists right to have rural land free of charge and the right to use it, and it also envisaged the measurement, certification and registration of all rural land (FDRE 2005b: art 6), to be carried out by regional and lower-level administrations. At the same time, Proclamation 455/2005 was an official confirmation of the principle of state ownership of all land, but at the same time introduced a legal system for private investors to access land through expropriations, by stating that: «[a] *woreda* or an urban administration shall, upon payment in advance of compensation in accordance with this Proclamation, have the power to expropriate rural or urban landholdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs, or where such expropriation has been decided by the appropriate higher regional or federal government organ for the same purpose» (FDRE 2005a: art. 3/1). Therefore, in addition to skilled labour provision, infrastructural improvements and a stable macroeconomic environment, also the land policy was adjusted in order to foster Ethiopian and foreign private capital investments in agriculture.

The land tenure certification represented an official recognition of farmer households' land use rights, and was therefore appreciated by Western financial partners (Deininger *et al.* 2007) and other critics who, following certification, documented an increased confidence in farmers' attitude towards renting

land out, and less land disputes (Dessalegn 2008b: 183). At the same time, the regulation of expropriations and displacements of farmer households from their land was embedded in the developmental narrative, and therefore smoothed: in view of the search for a “better development project” for agriculture, the land policy thus enabled the arrival of many national and foreign private investors, giving birth to the “land grabbing” season, and raising concern among many observers.⁶⁸

2.3.3. *The Revised Food Security Strategy and the Food Security Program*

The decade under analysis represented a crucial turning point for the Ethiopia’s government food security policy. Since the early 1990s, great political commitment was placed on the importance of achieving household-level food security thanks to national food self-sufficiency. As already discussed, the food security strategy issued in 1996 included measures for an improved early warning system, emergency response, international assistance management, and chronic food insecurity relief. Many of the household-level food insecurity reduction strategies were linked to rural- and agricultural-related development schemes, because of the presence of higher rates of food insecurity in those areas, and due to the food security linkage with domestic agricultural production. In spite of some positive trends, at the turn of the millennium food insecurity was still a major issue for Ethiopia, as demonstrated by the 700,000 metric tons of food aid imported annually by the country in the previous 15 years to meet peoples’ requirements; and it continued to be a defining feature of rural poverty, since the incidence of food poverty (50% of the total population) was higher in rural areas (52%) than in urban ones (37%) (GoE 2002: 6).

Given the perpetuation of a critical situation, worsened by two years of low performance by the agricultural sector, the food security strategy was revised in 2002 within the the SDPRP context (GoE 2002). The overall strategy was very similar to its previous version and its main purpose was to reduce national dependency on international aid and to ensure food security at household level. The strategy’s main target was chronic food insecurity, where chronic vulnerability was associated to overwhelming poverty because of a lack of assets, and therefore linked to the goal of poverty reduction as stated in the PRSPs. Accordance with broader rural and agricultural development strategies included in the PRSPs, could also be seen in the definition of strategies tailored to the specific conditions of food production zones. Likewise, in areas with adequate rainfall, the higher agricultural potential was to be exploited more effectively to increase national food availability. Secondly, in moisture deficit and pastoral areas, where there was a higher concentration of chronic food insecure households, attention was focused on environmental rehabilitation works, livelihood diversification and voluntary resettlement schemes. In these areas, additional programs were planned for the most vulnerable groups and households, including:

⁶⁸ - The next chapter will provide a brief discussion of major features and impacts of the land grabbing in Ethiopia.

employment or income support schemes to be created by linking relief and developmental works, fostering accessibility to small and flexible loans, and nutrition interventions. Therefore, it is worth mentioning that the revision called for an evolution from the strategy's previous version, since it aimed to address both the supply and demand sides of the food equation, by improving both availability and accessibility methods. Furthermore, strengthened emergency response capabilities were also envisaged, and became the strategy's third mainstay.

The expansion of the target, the diversification of measures for food security based on context specificities, and the connection of relief with asset building works, constituted three important innovations introduced by the 2002 revision, and inspired the creation in 2005 of a broad social protection program, the Food Security Program (FSP). In 2003, a New Coalition for Food Security in Ethiopia was established between Ethiopian authorities and major international donors and assistance organizations, in order to draw up a more effective plan to deal with food insecurity (Tesfahun, Osman 2003). A survey was conducted among Ethiopian citizens, within the Coalition, in order to assess the impact of the SDPRP and parallel food security strategies on health services, education, water and agriculture. What the survey discovered was that, although positive results were achieved, additional measures needed to shift away from the dependence on emergency relief pattern and to boost the integration of asset building actions with assistance relief. For these reasons, a very ambitious program aiming to help 15 million people suffering from chronic (8.29 million) and transitory (6.71 million) food insecurity was designed (MoFED 2006).

The FSP, which included 4 mainstays, initially expected to reach its goal in just 10 years, but it is still active in 2017. The first was the Household Asset Building (HABP), a component intended to create the necessary assets and income generating activities to obtain proper food accessibility: measures included strengthened technological packages for agriculture and enhanced credit availability for targeted households. Second, the continuation of the Voluntary Resettlement Program intended mainly to move chronically food insecure households from inhospitable areas to under-exploited land, to provide them with packages of assistance and access to essential social infrastructures: 2 million people were planned to be resettled in the coming years, with a total cost of 1.2 billion Birr. The very innovative component was the Productive Safety Net Program (PSNP), a large-scale social protection program, created to target chronically food insecure households with income-earning and community asset-building efforts, to bridge their food gap. The PSNP is not an emergency program and its goal is the "graduation" of food insecure households to food secure status.⁶⁹ In its first version in 2005, it planned for 287 *woreda* to participate in the safety net; subsequently it was expanded to include more *woreda*. It is made up by two components: labour-intensive public works created mainly for infrastructural development and direct-

⁶⁹ - Interview with Alemayehu Tadesse, Director of the PSNP and the HABP, Department of Food Security, Ministry of Agriculture and Rural Development, Addis Ababa, August 2013.

support for particularly vulnerable households. While the former accounted for roughly 85% of all the PSNP's activities and was designed to create income and at the same time boost community assets, the second is aimed at those special categories that are unable to provide for their self-subsistence, nor contribute actively to development work (Devereux, Amdissa 2013). Through public works and direct support, aid is distributed in cash and in goods: as opposed to previous versions of assistance, food aid is produced nationally and bought and distributed in cooperation with the World Food Program, thus combining with other agricultural development initiatives (van Uffelen 2013). The fourth mainstay was the Complementary Community Investment Program, planned for the enhancement of non-agricultural revenue, through credit promotion, micro-finance institutions, livestock development, nutrition and emergency capabilities; according to some analysts, this fourth mainstay's contribution has been marginal (Berhanu 2013).

The largest and most interesting component of the program was the PSNP, costing 2.5 billion Birr annually, and constituting a radical shift from relief granted in emergency situations, toward an ambitious social protection program (Dorosh 2013). As is often the case in Ethiopia, in spite of positive commitment and financial efforts, many obstacles were run into throughout its first (2005-07), second (2007-09) and third (2010-14) implementation phases: corruption and delays often affected the household targeting process, as well as aid distribution. Since measures were not sufficiently focused on building resilience assets, the FSP's actions often failed to address the household aid dependency issue; furthermore, since the FSP is implemented with strong international donor support, it did not contribute to solve Ethiopia's general dependency on international financial assistance. Despite these challenges, the FSP constituted an important evolution of the traditional measures for food security carried out in the country, and definitely had an influence on the ongoing process of production and reproduction relation transformation pursued by land, and rural and agricultural development policies. Moreover, it also reinforced the legitimacy – and the paternalistic attitude – of the developmental state project on the struggle for food security and poverty alleviation, by strengthening the EPRDF's ideological attachment to the peasantry and the rural world in general.

2.3.4. Agricultural development within the developmental state

By the end of the decade, as a consequence of the policies discussed above, the agricultural sector was achieving a rapid development, and contributing successfully to attain economic growth and reduce poverty. As already seen, this was achieved through a selective adoption of market-led reforms, within the developmental state's political project, which sought to achieve a balanced integration between state- and market-led agrarian economy tools.

There is a widely shared agreement on the fact that trade liberalisations adopted in the 1990s contributed to the integration of rural markets nationwide, and reduced the margins between output-surplus and -

deficit areas (Dercon 1995). However, the effects of these liberalisations in agriculture on poverty reduction have been mixed: on one side, the smallholder farmers who converted their production to cash crops following expert advice, suffered from increased price variability and market unreliability; on the other, those who did not, improved in general their possibility to escape poverty by benefiting from increased staple crops sale prices (Adugna 2012). Nevertheless, rural markets have not developed at the expected growth rate and, by the end of the decade, most smallholder farmers were not able to direct their food crop production toward the markets: official estimates from the beginning of the new decade report that less than 15% of cereals produced by private peasants were sold, while 67% were destined to self-consumption (CSA 2012a). In addition, the structure and performance of rural markets remained hampered by several factors including high transaction costs, asymmetric market information between buyers and sellers, and limited access to credit. Smallholder farmers' general awareness of market information remained very low: they obtained limited knowledge of seasonal price patterns, product pricing and potential markets; rent-seeking intermediaries and actors took advantage of the lack of adequate market information institutions, and of policies to stabilize highly-volatile prices (Bekele, Hailemariam 2007). These limited impacts may be attributed to the marginal emphasis placed on agricultural marketing by the policies implemented by the GoE, compared to those aimed at engendering technological evolution. As the next chapter will show, this trend remained also in the following period, and it replicates the patterns of the modernization approach because it blames the lack of development mainly on the backward peasants.

As seen above, the intensification and commercialization of small-scale producers constituted the core of the ADLI strategy.⁷⁰ Over the decades, the GoE established a large extension system to work on improving the quantity and quality of agricultural outputs, and diversify outputs into high-value crops, aiming to attain food security and increased earnings from agriculture. On one side, the creation of this Ethiopian version of the Green Revolution was to be pursued through the implementation of agricultural liberalisation, power decentralization and upgrading the private sector; on the other, as discussed earlier, cultural and historical legacies in the peasant-state relationship, and the institution of the developmental state engendered top-down and state-driven initiatives that were a hindrance (Dawit 2011).

Following early 2000s' decentralization policies, the Woreda Offices of Agriculture and Rural Development became the main implementers of the extension system, in coordination with their correspondents at *kebele*, the DAs and agricultural cooperative levels (Berhanu *et al.* 2006). Decentralization gave the district offices more financial autonomy, but increased the integration of state institutions with party structures as party cadres spread throughout each government level took control over resource distribution and policy implementation; evidence reported that in some cases DAs were

⁷⁰ - Together with the promotion of the domestic private sector and foreign investments in agriculture, whose impacts were noticeable starting from the very late 2000s, and which will be discussed in the next chapter.

appointed by superiors on account of party membership (Teferi 2012). In order to achieve the expected growth in agricultural output quantity and quality, the GoE planned to distribute different kinds of technology packages to modernize farming techniques and expand the application of improved agricultural inputs within a supply-driven system (Berhanu *et al.* 2006). The DAs were in charge of the packages distribution to farmers, and to fulfil regional and *woreda* annual quota targets; therefore, their role often meant making simply an input delivery service, instead of acting as knowledge broker and to foster farmer linkage with input suppliers (Berhanu *et al.* 2006). As some studies have revealed, a one-size-fits-all approach was implemented, and coercive tools were adopted by extension agents (including *kebele* officials) to achieve the targeted quota and implement the planned strategy.⁷¹ These hierarchical structures replicated a top-down relationship between DAs and farmers based on historical roots, which turned out to be one of the obstacles for the effective transition of small-scale producers toward modern farming practices and improved input application (Teferi 2012).

As seen in previous sections, partial agricultural liberalizations were adopted during the first decade of the EPRDF's rule, aiming to create an efficient agricultural input supply system, that included the private sector's contribution; however, by the end of the second decade, the top-down state-driven approach prevailed. The most evident case regarded the fertilizer import and distribution system: many of the liberalization reform elements adopted during the 1990s, that contributed to foster the introduction of private actors and producer associations in the system, were soon reversed or not implemented (Jayne *et al.* 2002). By 2008, fertilizer imports became a prerogative of the Agricultural Inputs Supply Enterprise (AISE, that replaced the AISCO) – conducted according to federal planning based on the requirement assessment made by decentralized government offices - and distribution was allowed only to cooperative unions (or to the AISE) through primary cooperatives at prices set by the regional governments (Rashid *et al.* 2013). The evolution of the improved seed production and distribution systems followed a similar pathway, and after the opening of the systems to private actors, by the end of the decade the public sector accounted for 80% of total sales (Spielman *et al.* 2011). Therefore, the highly politicized structures of the extension system have hampered the development of an efficient private sector and, as some have highlighted, the purpose of this has been mostly for the government to achieve its double objective of economic growth and political control by strengthening its authoritarian power and presence in the rural environment (Kassahun, Poulton 2014; Teferi 2012).

As a consequence of huge public spending in the agricultural input supply and extension service sectors – estimated at 2% of the GDP during the 2000s (Spielman *et al.* 2011) - the rates of improved input adoption increased during the decade, but they did not achieve the expected results (Dorosh, Mellor 2013), since major obstacles were still present. For instance, because of the lack of a relevant regulation policy on property rights, absent institutions and information asymmetries, the private sector did not

⁷¹ - WIDE, *Models & Realities of Transformation – June 2014. WIDE Discussion Brief No. 5 of 5*, Ethiopia WIDE.

develop sufficiently to allow for ESE to cover all the improved seeds requests made by the *kebele* (Spielman *et al.* 2011). Moreover, being tied to credit offered by the Commercial Bank of Ethiopia against public guarantees, the extension system linked to fertilizers had large fiscal costs for the regional governments (Rashid *et al.* 2013). Furthermore, although cooperatives were asked to be the major force in input distribution and, by the second half of the decade, also in the aggregation of producer outputs and linkage creation with markets and value-adding processes, their activities were hampered by shortages in financial resources and capacity building. By the end of the decade only an estimated 9% of all farmers were members of cooperatives, most of whom had no involvement in agricultural marketing, or were conversely in charge of performing social services that depleted their limited budgets (Tanguy, Alemayehu 2012).

Finally, it is worth pointing out that the analysis of the trajectory of the FDRE's state-building has been closely connected to its agrarian and agricultural worlds: on one side, through the ADLI the GoE promoted an economic development strategy based on the success of the transformation process of the smallholder farmer subsector into commercial actors; on the other, peasants have constituted the first and foremost target for the creation of the developmental state project's political foundation. As highlighted in the sections above, this double connection has motivated the government to promote a wide range of supportive policies for agriculture, rural development and food security. At the same time, the government's developmental purpose and its historical roots have also contributed to consolidate state-peasant relations that enhanced the power of the former over the latter, and inhibited the agency of peasants (Dessalegn 2008b).

CHAPTER THREE – CONTEMPORARY ETHIOPIA: AN AGENDA FOR TRANSFORMATION

The previous chapter described the political and economic course followed by the GoE during the first two decades, as well as the main initiatives in rural and agricultural development, revealing a close connection between state-building and agrarian transformation policies. In this chapter I will continue to retrace the trajectory of economic, rural and agricultural development policies implemented by the GoE, by focusing on the post-2010 period. The first part will cover the main political events that contributed to strengthen the developmental state's pathway, following the death of its founding leader; and it will outline the evolution of the economic strategy aimed at structural transformation and rapid growth. The second part of the chapter will delineate the GoE's latest agenda for rural and agricultural transformation, the pursued strategy's major outputs, and the main trends to date. In the third part, the cluster-policy will surface as the current strategy's fundamental target for structural transformation. In that part I will cover the leading cluster-based policies implemented on a national level, their rationale, their working principles, their main implementers and their current status of implementation. This part will provide innovative findings on the current strategy for agrarian transformation and it will also be of help to introduce the analysis of cluster-based initiatives in South Wollo.

1. Transformation After Consolidation

Although the repressive hand of the government has played a significant role in the results of the 2005 elections, some have argued that the lack of coordination among the oppositions represented a major factor for their defeat. The main political forces to have confronted the EPRDF in 2005 were the Coalition for Unity and Democracy (then Unity for Democracy and Justice) and the United Ethiopian Democratic Forces, made up by the convergence of many different smaller parties who used to oppose the EPRDF individually (Markakis 2011). Between 2005 and 2010, opposition supporters and representatives have been attacked, arbitrarily arrested, threatened, harassed, stripped of any possibility to access state resources and public audience (HRW 2010). At the 2010 national ballots, in order to merge forces, these two coalitions and other parties created a common front called Medrek – Forum for Democratic Dialogue in Ethiopia, which then became one of the main opposition coalitions to stand for a liberal democratic order (Markakis 2011). However, due to the effective repression campaign that Medrek supporters and activists had gone through, and due to a blurred electoral process, Medrek wasn't able to win but one seat in the House of Representatives, that added to other two seats gained by an

independent candidate and the Agroba People's Democratic Organisation, brought a landslide majority in Parliament to the EPRDF (Brigaldino 2011).

In addition to the actual suppression of any kind of organizational capacity, the oppositions also received full de-legitimization by pro-government propaganda. Coherently with Meles' idea that a developmental state needs the united effort by all sides of the society - and political forces - in order to succeed, oppositions were labelled movements against peace and development, organizations against Ethiopian interests and neo-liberalism supporters (Merera 2011). From a political economy perspective, in one of Meles' most quoted and mysterious essays,⁷² the former Prime Minister condemned neo-liberal thought in Africa of being a dead end street. It was considered worthy because it removed the dead hand of the inefficient state, but deemed responsible of replacing it with another inefficient system led by oligopolists and self-interest seeking individuals.⁷³ The strict refusal of its economic prescriptions had an effect also on the political side. The individual thought envisaged by the neo-liberal paradigm did not fit in with the collective and hegemonic thought required by the developmental state project. In this respect, democracy was considered a preferable but unviable way to lead development (Plaut 2012). From this point of view, all the political forces that challenged the EPRDF political and economic project were considered as obstacles to the realization of the developmental pathway, and therefore had to be repressed. For these reasons, Merera Gudina's - the leader of the Oromo Federalist Congress and Medrek's chairman, in jail since November 2016 on terrorism charges⁷⁴ -, statement in one of his papers: «after 20 years of EPRDF rule Ethiopia has a new system of authoritarian rule, in which the ballot box has become an instrument of legitimization rather than a tool of democratic expression» (Merera 2011: 14), did not seem to be inappropriate

Repressions were not limited to political opponents, but were addressed also to associations and organizations of the so-called civil society, who received strict limitations in terms of financial support, organizational capacities, and operations following the enforcement of new oppressive laws in the late 2000s. The Registration and Regulation of Charities and Societies Proclamation (621/2009) established that civil organizations working on governance, human rights, democracy, community development, justice, and other sensitive issues, were allowed to have only 10% of their total budget foreign-based, and less than 30% could be spent in non-service-oriented activities (including dissemination, advocacy,

⁷² - *The African Development: Dead Ends and New Beginnings*, written by Meles Zenawi, dates back to 2006, and was expected to falsify the neo-liberal paradigm and to propose a new one in the wake of Ethiopian experience, for the good of other African countries. It was a preliminary draft of a wide monograph on which Meles was working, that was never accomplished, but left for public consultation. It includes drafts of a couple of chapters, the conclusions of several chapters and in some cases only the chapters' titles. Some of the insights raised in the draft were recalled in a chapter of a monograph he wrote successively (Meles 2012).

⁷³ - Meles Zenawi, *African Development: Dead Ends and New Beginnings*, preliminary draft, 2006.

⁷⁴ - *Dr. Merera Gudina, Dr. Berhanu Nega and Jawar Mohammed Charged with Terrorism*, "Ethiopia Zare", 24 February 2017: <http://ethiopiazare.com/news/local/5416-dr-merera-gudina,-dr-berhanu-nega-and-jawar-mohammed-charged-with-terrorism>

research) (Brechenmacher 2017; Aalen 2011). Mass Based Societies were established in their place to promote the participation of grass-root citizens in the democratization process. Yet instead of expanding the possibility to participate, these organizations turned out to be instruments to increase the people's consensus on the developmental project, and their authoritarian nature replicated similar organizations established during the Imperial and the Derg period (FSS, Atos 2012).

1.1. After Meles: Unstable Ethnic-Federalism and the 100% Elections

The unexpected death of Meles Zenawi in August 2012, from a disease which was kept hidden until the last days, left a huge vacuum in the leadership of the country and the party. Suddenly, the charismatic leader of the democratic revolution, the liberator from the oppressive red terror, the shrewd politician who made Ethiopia the most trustworthy country of the Horn of Africa for the Western world, the economist who began unprecedented growth and poverty reduction rates, the clever negotiator who established a peaceful coexistence of different ethnicities, the protector of peasants' interests, the father of the party and the nation, was gone, and nobody seemed to be able to replace him. Hailemariam Desalegn, who was serving as Deputy Prime Minister and Minister of Foreign Affairs, replaced Meles and acted in his capacity until the following elections in 2015. Because of his loyalty to the former Prime Minister, Hailemariam represented, for the government and the EPRDF, the expression of continuity along Meles' pathway. In the early 2000s, during the *tehadso*, he was indeed chosen to replace the former President of the SNNPR, who had been charged with corruption. Moreover, his international career and education as a civil engineer, and his experience as Minister gave him a good standing position in the eyes of the foreign partner community.

Within the country, his Southern origins were seen as an element of discontinuity with the TPLF's prominence in the cabinet and in the party since the establishment of the FDRE. Most of the inter-ethnic approval that Meles was able to acquire with the struggle for liberation, and throughout the decades, was based on who he was and his charisma. With his demise, the TPLF lost the cornerstone of its political legitimation within the country, and the choice of a candidate coming from the SEPDM, in coordination with three Deputy Prime Ministers from the ANDM, the TPLF and the OPDO, was expected to prevent requests for representation by under-represented ethnicities (Arriola, Lyons 2016). The political move was not successful, and the then defined «TPLF puppet prime minister Hailemariam Desalegn»⁷⁵ was not able to gather the popular approval required to maintain the precarious political unbalance characterised by an ethnic minority governing a large under-represented and differentiated majority. The government responded to ethnic claims mixed with calls for freedom, participation, democratization and employment, with harsh repression, and the political situation turned violent very

⁷⁵ - Alemayehu G. Mariam, *The Zero-Sum Negotiation Games of the T-TPLF in Ethiopia*, "Nazret.com", 3 July 2017: <https://www.nazret.com/2017/07/03/the-zero-sum-negotiation-games-of-the-t-tplf-in-ethiopia/>

quickly. In April 2014, three journalists and six members of the Zone 9 blogger collective – reporting actively on human rights abuses and campaigning for the GoE to respect the constitution – were arrested and charged with terrorism (Simegnish 2016). In November 2015, demonstrations broke out in Addis Ababa against the displacement of the Oromo people from their homelands as planned by the Addis Ababa Master Plan. Although the government gave up the plan following these demonstrations, uprisings expanded to the Oromia Region, arousing Oromo nationalist demands for improved cultural recognition and independence.⁷⁶ Since the creation of modern Ethiopia, the Oromo people (the largest ethnic group in Ethiopia, around 35% of the total national population) and many other ethnic minorities in the “periphery” of the country, have claimed cultural, political and economic domination from the “centre” of Ethiopia, constituted by an Amhara speaking ruling elite (Markakis 2011). The domination of the peripheries continued even after the FDRE was established, and the Oromos’ expectations were betrayed by the concentration of power in the hands of a Tigrayan elite. University students took the lead of protests in several Oromo cities, followed by many rural and urban citizens. Protests targeted the regional and federal governments denouncing the unbalances in the federal system. The EPRDF and the OPDO leaders, local officials and party representatives were accused of unaccountability, authoritarian governance and corruption, and attacked violently.⁷⁷ Clashes with local and federal police and army turned very cruel, toward the end of the year many demonstrators were killed or arrested, many others disappeared, Internet access was blocked by Ethio Telecom (the state-owned and sole telecommunications provider of the country), local militia were recruited and the federal system proceeded to actively suppress the protests.

In July 2016, protests spread also to the Amhara Region, and became particularly brutal in the area surrounding the cities of Gondar and Bahir Dar, close to the borders of the Tigray Region. The clashes began in a contested area under the Tigrayan administration, where the majority of inhabitants belong to the Amhara ethnic group. In the aftermath of the armed repression of the unrests, demonstrations spread widely and rapidly throughout the region. The protests were directed against the federal and regional governments for their authoritarian governance, the lack of political representation, and the domination of the Tigrayan elite. In some cases, demonstrators reportedly harassed Tigrayan civilians because of their ethnicity, and the clashes took the form of an inter-ethnic fight. In August 2016, demonstrations against the central government took place also in Addis Ababa and turned immediately violent. The government responded with the same means used earlier on: armed repression, demonstrator arrests with terrorism charges, Internet blocking, cutting water and electricity supplies to the areas involved, imposing curfews and demonstration bans. Demonstrations in Amhara and Addis

⁷⁶ - E. Chala, *Ethiopia Scraps Addis Ababa 'Master Plan' After Protests Kill 140*, “The Guardian”, 14 January 2016: <https://www.theguardian.com/world/2016/jan/14/ethiopia-addis-master-plan-abandoned>

⁷⁷ - *Ezekiel Gebissa in Conversation with Rene Lefort on Political Crisis in Ethiopia*, “Oromia Media Network”, 12 January 2016: <https://www.oromiamedia.org/2016/01/12/ezekeil-gebissa-in-conversation-with-rene-lefort-on-political-crisis-in-ethiopia/>

Ababa revamped the Oromos' protests. Since November 2015, over 11,000 people have been arrested and over 500 have lost their lives during the protests (Brechenmacher 2017). In October 2016, the government declared a six-month state of emergency which strengthened its executive power with the purpose of restoring peace; it was then extended for four more months⁷⁸ until August 2017, when the Parliament approved its end.⁷⁹ In November, Hailemariam opted for a cabinet reshuffle to replace unpopular Ministers⁸⁰ and expand ethnic representation within the government - only 9 out of the 30 former Ministers retained their positions⁸¹ - and promised drastic reforms to tackle corruption, governance issues and job creation.

Meanwhile, national elections held in 2015 represented a new and final step in the political consolidation process of the EPRDF regime. Once again, before the elections, journalists, bloggers, opposition leaders and independent voices were repressed and arrested with terrorist charges, and furthermore, the National Electoral Board did not allow opposition candidates to register for parliament elections (Arriola, Lyons 2016). In rural areas, the administrative apparatus achieved an optimal control level: 34 million people registered to vote, and there were 6000 candidates: 4166 for regional governments and 1834 for the House of Representatives (Afr Res Bull Polit 2015). There was a 100% win in the elections «This is a single-party state in all but name» (Clapham 2017: 4).

Many students and lecturers I met during the fieldwork period, openly complained about the rule of the Tigrayan government, and some did not hesitate to define the contours of the inter-ethnic battle unfolding 100 km northwest of Dessie as a genocide. Without real democratization and a fair balance of power among constituents, the stability of ethnic-federalism in Ethiopia thus seems to be very precarious. Evidence seems to confirm that, after Meles, the lack of a unifying and charismatic leader has rekindled old ethnic claims, and created the opportunities for the emergence of a call for democratic participation, freedom and expression, which is expressed mainly by a generation of better educated and interconnected young people, who have not lived through the dictatorship of the 1980s and are therefore more hopeful for the future, than worried about the past. Besides the very few remaining opposition parties who have survived in the country, thanks mainly to intellectual diaspora support, many have joined armed groups like Ginbot 7 who are now challenging the ruling coalition in a political setting

⁷⁸ - *Ethiopia Extends State of Emergency by Four Months*, "Al Jazeera", 30 March 2017: <http://www.aljazeera.com/news/2017/03/ethiopia-extends-state-emergency-months-170330110807086.html>

⁷⁹ - «The government's emergency powers brought mass detentions, politically motivated criminal charges, and numerous restrictions on people's movement and communication. While the end is welcome news, thousands remain in detention without charge, none of the protesters' underlying grievances have been addressed, and politically motivated trials of key opposition leaders, artists, journalists, and others continue», see Horne F., *State of Emergency Ends in Ethiopia*, Human Rights Watch, 7 August 2017.

⁸⁰ - The most evident of which was the Communication Minister Getachew Reda, who had been the official voice of the government during the protests and had completely lost any popular legitimation.

⁸¹ Ismail Akwei, *Ethiopia Reshuffles Government, Two Oromos Occupy Key Positions*, "AfricaNews", 1 November 2011: <http://www.africanews.com/2016/11/01/ethiopia-reshuffles-government-two-oromos-occupy-key-positions/>

that lies beyond the institutional structure and the democratic competition. Apparently, none of these forces has the power to really challenge the EPRDF and to be a valid alternative. Therefore, according to Lefort, if there is going to be a change, this will be with and within the present regime.⁸²

1.2. The Developmental State in the Global Economy

Despite the loathing for the neo-liberal paradigm and Washington Consensus principles, and deteriorating conditions in terms of democratization and freedom, the country reached a solid and beneficial relationship with Western development agencies and international financial institutions, as can be seen by the commitment toward structural adjustment reforms and poverty reduction strategies, and by the external development aid received throughout the last two decades. In the last few years, after a small decline during the 2005 post-election period, since 2007 Ethiopia has always ranked among the fifth-largest beneficiaries of official development assistance and official aid.⁸³ This can be explained as a consequence of different factors (Arriola, Lyons 2016; Brechenmacher 2017; Lefort 2015; Brigaldino 2011). First, the GoE has been able to take on a very crucial role in the global war against terrorism promoted by the US and their allies. Second, Ethiopia has a strategic geopolitical position also with regard to the increasing flows of African migrants attempting to reach Europe, and therefore its stability is vital to contain and manage these processes. Third, through “economic diplomacy”,⁸⁴ Ethiopian leaders have been able to balance international pressures on democracy and good governance issues, with (often inflated) statistics on economic growth and development records. Fourth, the presence of persistently high percentages of acute poverty and food insecurity works as a deterrent against the interruption of international assistance. Fifth, the emergence of new international partners in the Middle-East and Asia achieved thanks to trade, deregulation and promotion of foreign private investment liberalizations, open up to new financial assistance opportunities. Issues such as ideology, national interest and sovereignty have a great influence on the administration of foreign aid (Habtie 2015). Hence, in spite of affecting the country’s democratization process, international assistance has brought financial support to the consolidation of an economically successful non-democratic state.

The growth reached in international finance has also been prompted by the achievement of a significant degree of economic stability, the overture to international markets and investors, and the promotion (though partial) of a private sector development. With regard to overall merchandise and services, direct foreign investment grew rapidly in the last decade: between 2006 and 2016, incoming investment flow

⁸² - *Ezekiel Gebissa in Conversation with Rene Lefort on Political Crisis in Ethiopia*, “Oromia Media Network”, 12 January 2016: <https://www.oromiamedia.org/2016/01/12/ezekeil-gebissa-in-conversation-with-rene-lefort-on-political-crisis-in-ethiopia/>

⁸³ - http://data.worldbank.org/indicator/DT.ODA.ALLD.CD?year_high_desc=true

⁸⁴ - This is the way the MoFED defines its way of conducting international relations on trade (FDRE 2016).

grew from 545 to 3,196 USD million, and investment stock went from 3366 to 13,699 USD million.⁸⁵ In the 2014/15 year, Turkey, China and India were the top three investors in that order in terms of the amount of capital invested in the economy (FDRE 2016). In 1995 incoming direct foreign investment stock amounted to 2% of the GDP, and in 2016 it has reached 18.9%; yet in spite of this huge increase, its share of the GDP is lower than the East African average (25.3%), and very far from Africa's or other developing economies' percentages (respectively 37.6% and 30.4%).⁸⁶

The international trade volumes have been increasing at a very fast rate throughout both the last and the current decade.⁸⁷ Between 2001 and 2016, the total import value grew from 1.8 to 16.4 USD billion, corresponding to an average growth of 17.9% per year. In the same period, total official exports have also grown from 403 USD million to 2.6 USD billion, reaching a 15% average annual growth. Increased volumes are associated with changing partners. In terms of share of the total export and import value, through the years Europe has gradually reduced its role as commercial partner: imports from the continent have diminished from 32 to 21.4 percent of the total import value of, and Italy has diminished its leading role as exporter to the country; in terms of total export value, European countries have reduced their share from 34 to 28.4 percent. North America has increased its trade volume with Ethiopia, keeping a constant overall export and import percentage, around 6-7% and 7-8% respectively; the USA has shared the largest amount, thus confirming its strong commercial partnership with the country. Asia has rapidly acquired a fundamental role in Ethiopian trade: in 2015 the continent (including the Middle East and Turkey) accounted for 75% of the total Ethiopian imported value, while in 2001 it amounted to 50%; as for exports, the continent received around 35% of the total Ethiopian export, and in 2016 it had reached 44%. China has played the leading role: going from 1% of total export values in 2001 to 14% at present; and from 7.4% of total Ethiopian imports in 2001, to 37% in 2015.

Some have argued that this constitutes a U-turn in the ADLI strategy, which took place after the renewal process and the 2005 elections, and was characterized by a radical turn toward the acceptance of a free market economy, new entrepreneurs and constructive investors in the agriculture, industry and service sectors (Lefort 2015). Although a gradual trade privatization and liberalization process has been undertaken by the government throughout the three decades - as discussed earlier - the issue here is that this process has occurred within a political narrative which is embedded in the developmental state project, and that any aperture to market forces has been achieved in order to feed the project. The outstanding growth in Ethiopia's international trade, definitely demonstrates a more favourable approach by the GoE to commerce and markets, in accordance with the global internationalization

⁸⁵ - UNCTAD, *World Investment Report 2017: Annex Tables*, United Nations Conference on Trade and Development.

⁸⁶ - *Ibid.*

⁸⁷ - Following data are from Trade Map of the International Trade Centre, last consultation on August 2017: <http://www.trademap.org/>

processes of production and trade relations observed earlier on. However, the stable or decreasing commercial relations with Western countries, and the concurrent opening to Chinese investors is to be interpreted as proof of the rejection of neo-liberalism and the Washington consensus principles, and as evidence of the fact that the process has occurred within a party-dominated economy.

Previous sections of this study have also highlighted that, through the decades, the party/state has conserved a strong control of the productive processes, which has ultimately hampered the emergence of independent private initiatives; and the study of the agricultural clusters will provide additional evidence of this hegemonic and widespread control. As a remnant of old command economy systems, the private sector's development has been challenged by the widespread presence of a vast number of companies, foundations, individual holdings and NGOs that keep a strong direct or indirect connection with the ruling party (Hagmann, Abbink 2011). Moreover, as political events have demonstrated, the commitment against rent-seekers and the repression of any form of independent voice have become stronger in the late 2000s and early 2010s, thus contributing further to the creation of a controlled economic environment where only aligned actors may have the possibility to thrive: in 2013, The Economist estimated that around 80% of supposedly private companies actually belongs to conglomerates controlled by state loyalists.⁸⁸

Besides a more favourable trade policy, the trade volume expansion has increased thanks also to the participation in international trade agreements. An Economic Partnership Agreement was reached with the European Union, and regional trade partnerships were strengthened (Inter-Governmental Authority on Development, Sana'a Forum, The Common Market for Eastern and Southern Africa (COMESA) and the COMESA-East African Community-Southern African Development Community Tripartite) (MoFED 2010). The admittance process to the WTO started officially in 2003, but due to numerous failures in the negotiations between the GoE and the WTO Working Party, at present it has yet to be completed. As some observers have pointed out, this has occurred mainly because of the EPRDF's reluctance to hand over control of the banking and financial services sectors to private entities.⁸⁹ Admittance to the WTO is emblematic of the conflicting way in which the GoE entered the international markets. Further evidence of the appropriateness to interpret the opening to the global economy as part of the national developmental state consolidation project - rather than as a result of a radical change in

⁸⁸ - *Emerging Africa: Doing It My Way; Ethiopia and Kenya*, "The Economist", 2 March 2013: <https://www.economist.com/news/special-report/21572379-ideological-competition-between-two-diametrically-opposed-economic-models-doing-it-my>

⁸⁹ - See UiO, *The Impact of Ethiopian Accession to the WTO on its Financial Service Sector*, Faculty of Law, University of Oslo, 2014; and *Ethiopia: Market-Oriented Service Offer Bridges WTO Accession*, in «Addis Fortune», 1 February 2016: <http://allafrica.com/stories/201602040769.html>

the political economy approach - is indicated by a survey conducted by WB in 2010, that classified the financial service sector of Ethiopia as the most closed out of the 102 selected countries.⁹⁰

1.3. Economic Growth and Structural Transformation

As already noticed, the success of the developmental state project from a political perspective could not but be embedded in a successful pathway of economic development, and *vice versa*. Given the structure of Ethiopia's economy which is characterized by low productivity in all economic sectors, low capital intensity, a very weak industrial sector, a poor private sector and high import dependency ratio, given its negative trade balance and its reliance on external assistance for development, and given the ongoing global transformation processes of production and trade relations frequently mentioned in previous sections, attaining economic development required an efficient integration in the world market and a structural transformation of the economy. In addition, consistently with national building processes, the developmental state had to fulfil its commitment to social development goals, and envisage a sustained and solid economic growth by keeping away rent-seekers. All these expectations and objectives were summarized in the main programs for economic development issued by the Ministry of Finance and Economic Development after the PASDEP: the Growth and Transformation Plans I and II (GTP I and GTP II) published respectively for the 2009/10 – 2014/15, and 2015/16 – 2019/20 periods. Based on achievements and challenges encountered in the preceding 5-year period, these Plans envisioned for Ethiopia to become a middle-income country by 2025, to continue the improvement of social development indicators, and to uphold economic growth and industrialization.

As preceding sections have shown, the longstanding development strategy of the GoE can be summed up in the following formula: to achieve poverty reduction, economic growth and industrialization, through the promotion of the agricultural sector, by embracing the agricultural surplus creation model envisaged by Adelman (1984) and Vogel (1994). Through the decades, the ADLI strategy has indeed succeeded in generating positive results in terms of poverty reduction and economic growth, but it has failed to transform the country in an industry-based one. The proportion of population living below the national poverty line has decreased from 38.7% in 2003/04 to 29.6% in 2010/11 (FDRE 2016), and the annual GDP growth rates reached 11% in the last decade (MoFED 2010).

⁹⁰ - For further inquiries see P. Brenton, N. Dihel, L. Hinkle, N. Strychacz, *Africa's Trade in Services and the Opportunities and Risks of Economic Partnership Agreements*, Africa Trade Policy Notes, Note n. 6, World Bank, August 2010

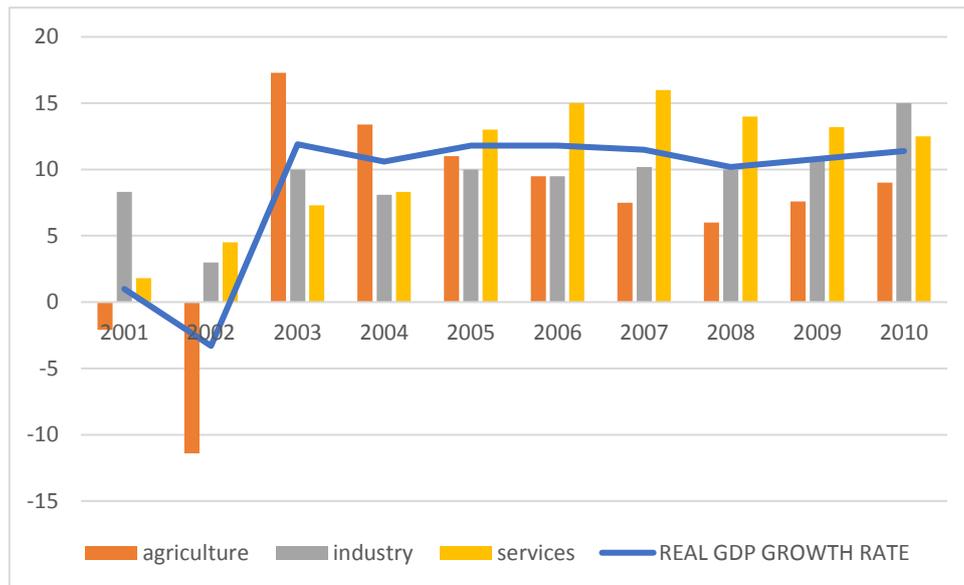


Figure 2 - Real GDP annual growth rate (%), by economic sector. Personal elaboration, source: MoFED (2003, 2006, 2010)

As for the structural transformation objective, in 2009/10, at the end of the PASDEP, the industrial sector accounted for only 12.9% of the value added GDP, while agriculture and the service sector dominated the economy, amounting respectively to 41.6% and 45.5% of the GDP (MoFED 2010: 4). As shown in figure 2, after a negative period in the early years, determined by a severe decline in agricultural production, during the 2000s the country sustained a steady economic growth characterized by the progressive decline in the agricultural sector's relative growth, and increasing growth rates in the industrial and service sectors.

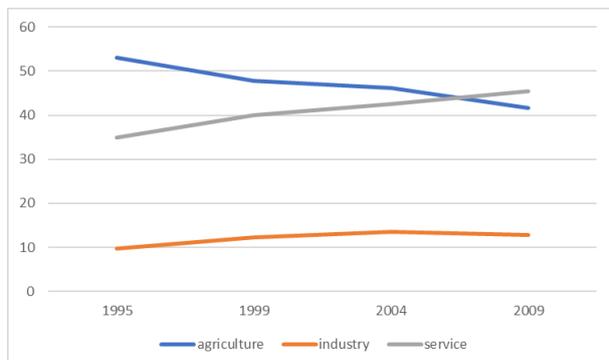


Figure 3 – Value added by economic sector in Ethiopia (% of GDP). Personal elaboration, source: MoFED (2006, 2010); MoARD (2010); data.worldbank.org

At the same time, the agricultural sector's contribution to the GDP declined during the decade as shown in figure 3; but this decreasing trend did not bring about a significant growth in the industrial sector's contribution to the GDP, in spite of having attained remarkable annual growth rates. On the other hand, and consistently with the trends observed in the SSA region (Bah *et al.* 2015; Rodrik *et al.* 2016), the underperformance of the industrial sector was

counterbalanced by the growth of the service sector.

Figure 3 shows the very limited growth of the industrial sector in Ethiopia, compared to that of the service one, in terms of GDP share; figure 4 highlights similar trends in SSA, despite a considerably higher overall performance by industry compared to Ethiopia. These estimates are confirmed by Martins (2014), who observed that in terms of sectoral share of gross value added, agriculture performed a steady relative decline from 65.7% in 1991 to 45.2% in 2011, while mining, manufacturing and construction

grew slightly from 6.4% to 9.3%, and the service sector went from 28% to 45.4% (Martins 2014). In addition, the transformation had a very minor effect on the distribution of employment by sectors: agriculture accounted for 81% of the jobs in 1996, and 78% in 2011; manufacturing, construction and mining went from 3.3 to 4.5 percent in the same period; while the service sector rose from 14.2 to 17.3 percent (Martins 2014). Therefore, if a structural transformation was obtained, it was not in the desired direction (MoFED 2010: 6).

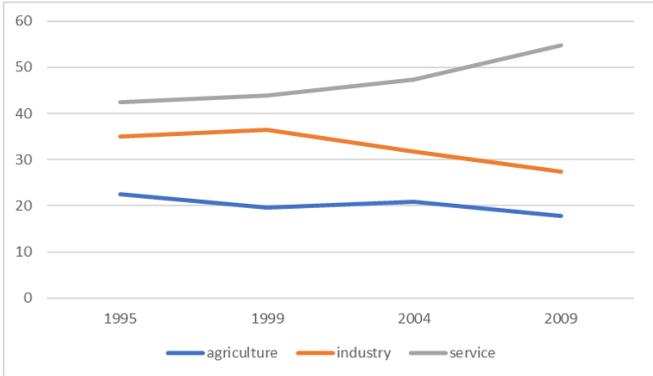


Figure 4 - Value added by economic sector in SSA (% of GDP). Personal elaboration, source: data.worldbank.org

Service delivery was the success topic of the developmental state, and its remarkable improvements were emphasized as evidence of its legitimacy (Arriola, Lyons 2016). Transports were eased by rural road construction and maintenance, a trade agreement made the port in Djibouti accessible, Ethiopian Airlines was boosted and Addis Ababa Bole Airport has expanded its travelling capacity. Mobile communication network capacity has increased rapidly and reached 25 million clients by 2009/10. New hydropower plants were built (Tekeze, Gilgel Gibe II, Tana Belese) in order to enhance power generation capacity and reduce dependency on imported oil; access to potable water has increased to 65.6% in rural areas and 91.5% in urban ones. The gross enrolment ratio reached 94% for primary school and 40% for the secondary one; there were over 700,000 trainees undertaking Technical and Vocational Education and Training, and 185,000 undergraduate students (MoFED 2010).

Based on the performance of the economic and social sectors, the GTP I envisioned «to become a country where democratic rule, good-governance and social justice reign, upon the involvement and free will of its peoples, and once extricating itself from poverty to reach the level of a middle-income economy as of 2020-2023» (MoFED 2010: 21). In order to pursue this vision, four main objectives were pinpointed for the 2010/11 – 2014/15 period: to reach an 11% annual growth rate of the GDP over the five-year period, to improve the quality and delivery of health services and education to fulfill MDGs in the social sector, to establish suitable conditions for sustainable nation building through a democratic and developmental state, and to ensure macroeconomic stability. It is worth noting that both the vision and the objectives of the economic and social sectors were embedded in a political discourse of national building based on democracy, proving once again the close link between economics and politics envisaged in the developmental state project.

With regard to the economic side of the strategy, the GTP I focused on the structural transformation of the economy, starting from a rapid and broad based economic growth, to be achieved through: investments in growth enhancing sectors such as the infrastructure and social ones, sustained support to

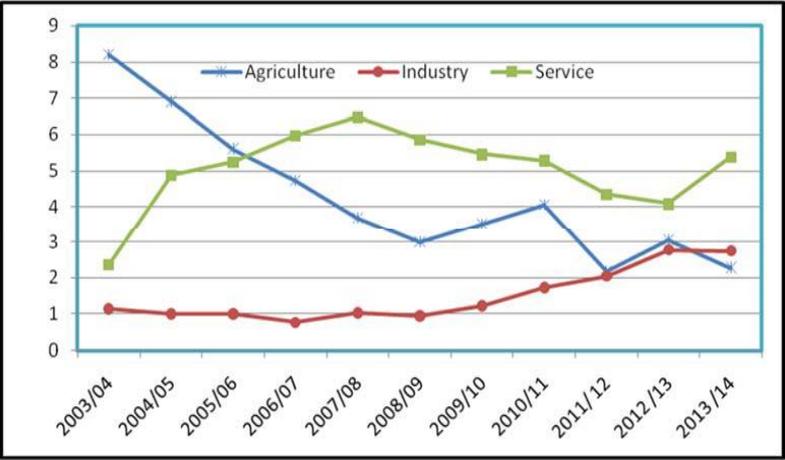
agriculture, and rapid competitiveness and export performance growth in the industrial sector. Through a commercialisation increase, a shift toward high-value crops, support to large-scale commercial agriculture, export oriented crop promotion and scaling up best practices, the agricultural sector was expected to continue to be the main driving force behind economic growth, and to «serve as a spring board for structural transformation in the long run by adequately supplying inputs necessary for industrial growth» (MoFED 2010: 23). Ethiopia's limited industrial base was also expected to improve rapidly and to play a leading role in the the economy's structural transformation process. Within the sector, the greatest support was planned for labour intensive, export oriented and import substituting industries, with sugar, leather, textile and garment industries leading the export earnings, and agro-processing, metal and engineering, chemical and pharmaceutical sectors completing the list of priority sub-sectors (MoI 2013). Micro- and small-scale manufacturing enterprises were also selected to receive public support, because of their potential in terms of employment generation (3 million new jobs were expected to be created through MSEs), urban development expansion and connections with the agricultural sector. Accordingly, for the 2013-2025 period the Ethiopian Industrial Development Strategic Plan is envisaging a rapid increase in the industry's manufacturing sub-sector's share: from 33% in 2013 to 37% in 2015, and up to 67% in 2025 (MoI 2013).

Following the ADLI strategy, agriculture was still deemed crucially important for economic growth and poverty reduction, and still constituted the main source of surplus for the transformation of the economy's structure.⁹¹ However, in the GTP I a more balanced pathway of economic development is envisaged, with agriculture playing the main, but not exclusive role in leading the transition. To keep in line with the PASDEP, the GTP I, called for around 66% of the overall government spending to be invested in poverty-oriented sectors such as agriculture and food security, education, health, roads and water, amounting to 12.4% of the GDP (MoFED 2010). As pointed out by Lefort (2015: 367), an informed analyst who has repeatedly affirmed his political opposition to the Ethiopian ruling coalition, «few African governments, if any, have ever done so much for the peasantry». At the end of the GTP I period, people living below the national poverty line had in fact fallen to 23.4%, and many other achievements have been reached in the social sector, alongside an annual GDP growth rate around 10.1%, which doubles SSA's average (FDRE 2016).

⁹¹ - «The results realised to date show that it is possible to transform subsistence agriculture to more market led production. The key drivers of this change will be improvements in farmers' productivity and production. Thus, to lay the foundation for industrial development, to use agricultural inputs for the industries, to produce sufficient food crops and high value products for international market, agriculture will continue to play a leading role in the GTP period» (MoFED 2010: 45).

As shown in figure 5, Assefa *et al.* (2016) calculate that in spite of a remarkable decrease in agricultural contribution to GDP growth, industry has not generated the expected growth, especially in the manufacturing sector, whose «performance has still fallen short of the targets set in the Plan» (FDRE 2016: ix). Against expectations, in 2014/15 industry

Figure 5 - Sectorial contributions to GDP growth (% of GDP growth rates). Source: Assefa *et al.* (2016)



represented only 15% of the total GDP; the manufacturing sub-sector share remained below 5%, and below SSA’s average, while the export share of total merchandise export remained at an average of about 10%. At the same time, the annual growth of micro- and small-scale manufacturing enterprises was very low compared to large-scale ones, respectively 4.1% and 19.2%. As opposed to manufacture, the leading sub-sector in industrial growth has been construction: in the GTP I period its annual growth rate reached 28.7%, and its GDP share rose from 4 to 8.5%.

Access to credit in Ethiopia has been favouring large- and micro-scale companies versus small and medium ones, whereas operational factors such as the varying investment climate and poor infrastructures have been reported as major constraints towards any private investment. Moreover, business entry regulations and processes, and complex bureaucratic entry procedures constituted a serious burden for private investment, which was higher for domestic investors than for foreign ones. The latter could enjoy the services of the Ethiopian Investment Commission which facilitated access to land, loans, utilities, residence permit requests and environmental impact assessment approvals. Instead, domestic investors had to deal with local investment offices with a lower capacity and efficiency (WB 2015). The GoE’s estimates confirm that out of the total gross domestic investment (which accounted for 39% of the GDP in 2014/15), a significant portion came from foreign savings (FDRE 2016). Moreover, out of the 20,000 domestic private investors who have registered with an investment license, for a total of 212 billion birr, only 448 projects have been achieved or started, for a total of 4 ETB billion, most of which were operating in the service sector, rather than in the manufacturing industry (FDRE 2016). 44 public enterprises have been transferred to private investors, mainly in the textile and beverage industries and as a consequence of the creation of industrial parks in joint ventures between private and public companies, but private investments in manufacture and industry in general during GTP I has performed below expectations.

The unbalance between foreign and domestic entities, and the greater difficulties experienced by the private sector in its attempt to thrive may be interpreted as a legacy of the government’s commitment to

tackle rent-seeking activities and to steer the way of the development path. Further evidence of the domination of the state over the economy which characterizes the Ethiopian developmental state model, is gathered by Lefort (2015) who, during the GTP I period, observed that: while the private investment rate in the country is the 6th lowest in the world, public investment rate is in the top 3; two fifths of all economic activities and two thirds of the modern economy are linked to the public sector; state-owned enterprises have considerable advantage over private firms as far as credit access and faster customs clearance go; of 2.5 USD billion total credit granted to the market, 83% goes to public enterprises, and 17% to private investors.

Public entrepreneurship is promoted also in political speeches: «[GTP I] set in motion an economic and political dynamic which created the “can-do” spirit within our public»⁹². The government’s ambition can be seen very clearly from the Grand Ethiopian Renaissance Dam project on the Blue Nile, which is expected to cost 6 USD billion and to produce 5250 Mw which will allow Ethiopia to triple its electricity production, alleviate its dependence from oil and earn foreign money from hydropower export to Sudan and Egypt (Lefort 2015). The full commitment of the federal government has been directed toward the construction of the dam, which is expected to be the largest in Africa.⁹³

The GTP II for the 2015/16 - 2019/20 period is based on the same vision as the GTP I, with the purpose to turn Ethiopia into a lower middle-income country by 2025: the target year has been postponed slightly due to some under-performing sectors (FDRE 2016). In the GTP II period, the Plan intends to enhance and utilize the competitive advantage of the country to sustain economic growth and ensure efficient participation in the world economy. The Plan is thus based on improving the productive and competitive capacity of the economy, with particular emphasis on developing manufacturing capacity, increasing export product competitiveness of and enabling emerging sectors to compete at a national and global level. With greater emphasis compared to its preceding edition, the Plan expresses the government’s intention to boost its international competitiveness, by increasing efficiency, quality and productivity of the agricultural, manufacturing and modern tradable service sectors. Agriculture is again expected to remain the main driver and growth source for the «modern productive sectors», but a «new vision has been set to render the country a leader in light manufacturing in Africa and one of the leaders in overall manufacturing globally» (FDRE 2016: 78). Indeed, based on the barriers faced during the GTP I period, a renewed emphasis is placed on developing an export-oriented manufacturing industry, with greater participation by the domestic private sector and foreign investors: the manufacturing industry’s share in the overall GDP is thus expected to increase from 4.8% in 2014/15 to 8% by the end of the GTP II period, and to 18% by 2025 (FDRE 2016). Creating added value and supporting import substitution are

⁹² - *Still Zeroing on Good Governance*, “Addis Fortune”, 7 June 2017: <https://addisfortune.net/interviews/still-zeroing-on-good-governance/>

⁹³ - <https://www.salini-impregilo.com/en/projects/in-progress/dams-hydroelectric-plants-hydraulic-works/grand-ethiopian-renaissance-dam-project.html>

the leading strategies to transform the domestic private sector, to be achieved through incentive deals and improved connections between local and foreign enterprises to facilitate technology and knowledge transfer.

The presentation of the main targets, strategies and outputs pursued so far by the GTP I and II has been given in order to complete the economic development course traced by the FDRE, to understand its continuity in the developmental state project, to introduce the agricultural development strategies, and to frame the analysis of current agrarian transformation. As pointed out, the integration with the global economy has been a long process lasting through the decades, and carried on with even greater emphasis in these last years. Accordingly, with the GTP II the GoE has pushed its ambitions to penetrate international markets with greater intensity than ever before: between 2014/15 and 2019/20, total merchandize export revenues are expected to grow from 4.9 to 11.8 percent of the GDP, of which agro-based export earnings should increase from 2.26 to 7.66 USD billion, and industrial commodity exports from 419 USD million to 4.20 USD billion (FDRE 2016). Starting from the GTP II, the GoE aims to become a leading nation for light manufacturing in Africa, by 2025.⁹⁴

At the same time, a transformation of the of the economy's structure from agrarian-based to industrialized has been pursued in order to increase the output of value-added products, and to reach the middle-income country level within the next ten years. Detailed strategies have been planned, and some will be described in the next sections. The ones having to do specifically with agriculture are covered in the second part. The third and last part of this chapter will explore one of the lead strategies pursued for economic development and structural transformation, intended to create industrial, agricultural or agro-industrial clusters, whose aim is to enhance linkages between different economic sectors, promote innovation, create employment opportunities, and benefit from particularly favourable institutional and infrastructural assets. To conclude this section, it is worth highlighting that, as the discussion has shown, the progressive opening to international trade and gradual integration into the global economy has been carried out *within* the political and ideological framework of the developmental state project, and *to* attain its core objectives. As the GTP II declaims: «While undertaking the above mentioned tasks during the plan period, transforming currently dominant rent seeking political economy to ensure the hegemony of developmental political economy is a top priority. In this regard, on the one hand, through providing quality supports to strengthening developmental attitudes, and on the other hand, by draining the root sources of rent seeking, controlling corruption and lack of good governance; the supremacy of developmental political economy will be ascertained. To realize this, organised, informed and direct participation of the public will be mobilised. In addition, enabling environment will be created to ensure

⁹⁴ - Declaration of the State Minister, Ministry of Industry of Ethiopia, Mebrahtu Meles, *Speaking at UNIDO Investment Forum in Addis Ababa*, The First International Agro-Industry Investment Forum Ethiopia, 5-7 October 2016, Addis Ababa, Session 2: Integrated Agro-Industrial Parks and Rural Industrialization.

society’s involvement with a sense of ownership, in activities that concern strengthening developmental mind-set» (FDRE 2016: 80).

It follows that the current agrarian question and agrarian transformation process in Ethiopia are obviously influenced by international influences, but also closely connected with state- and nation-building processes. Therefore, this work has addressed the research topics through a perspective that has retraced the political and economic courses; and at the same time the study of the clustering policy in agriculture provides insights about the way this developmental political economy is carried out. As subsequent sections regarding the agricultural sector will show, the developmental state has mediated the integration into the global economy through government-led interventions on agriculture, aimed at transforming the agrarian and economic structures of the country. The cluster-based strategy, analysed in part 3 and chapter 4, represents one of the ongoing leading strategies designed for that purpose, and is of major interest regarding Ethiopian peasantry’s future economic and social perspectives.

2. Agrarian Transformation in Contemporary Ethiopia

The economic development path set by the Growth and Transformation Plans in order to reach the middle-income country status by 2025, envisioned for Ethiopia’s economy to undergo a structural transformation, with the purpose to attain national food self-sufficiency, eradicate poverty and increase the manufacturing sector. As already observed, Ethiopia’s food security and economic poverty status on an aggregate level has improved considerably between 1995 and 2010. Figure 6 reveals an impressive drop in total poverty and food poverty head counts, figures 7 and 8 confirm the positive trends on food security, measured respectively in terms of the evolution in the prevalence of child malnutrition and gross daily calorie intake.

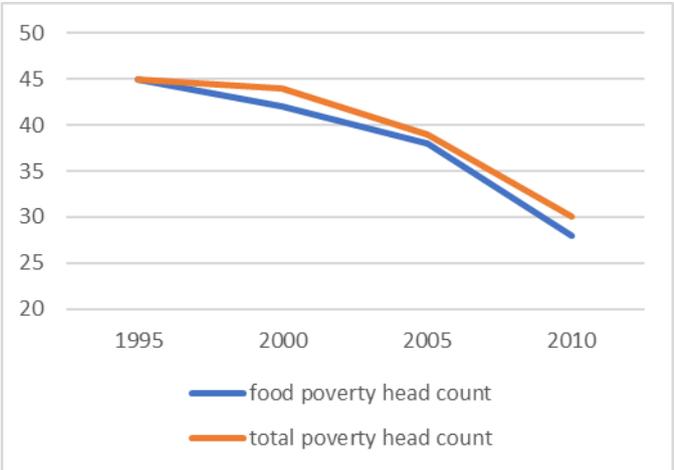


Figure 6 - Poverty and food poverty head counts (%). Personal elaboration, source: MoFED (2002; 2006; 2010), CSA (2012b)

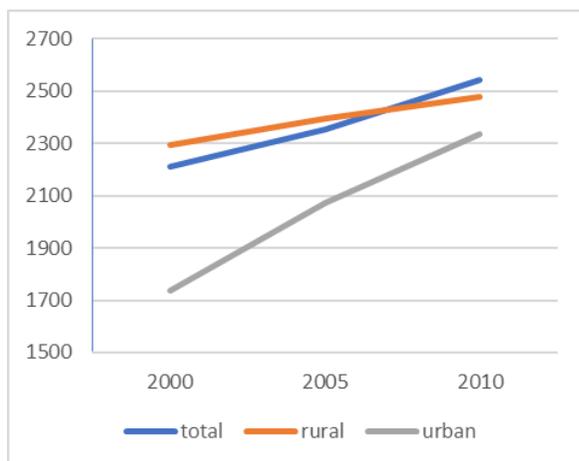


Figure 7 - Gross daily calorie intake in Ethiopia. Personal elaboration, source: CSA (2012b)

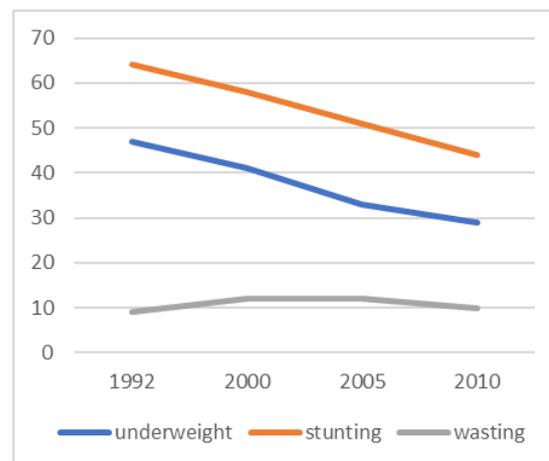


Figure 8 - Child malnutrition incidence in Ethiopia (%). Personal elaboration, source: CSA (2017); Solomon (2005)

As data presented in the previous section has demonstrated, in the last few years there has also been a rapid expansion in the international market trade volume and in foreign capital attraction in order to sustain the transition. However, the first two decades of the EPRDF's rule did not succeed in generating the structural change of the economy that had been envisioned by the ruling coalition. As showed earlier, overall industrialization at the turn of the decade has performed very poorly compared to the rest of the continent: the industrial sector had barely increased its contribution to the economy and this trend was particularly negative for the manufacturing subsector.

However, the positive social and economic performances of the path followed with an outward-oriented and agrarian-based developmental state approach were clearly visible in the country and appreciated internationally, and motivated the government to continue in the same direction. Indeed, gathering insight from the East Asian country models (Malaysia, Korea and Taiwan), whose successful experiences were due mostly to their ability to create a structural and rapid transformation of their economy based on the yields and benefits of an improved agricultural sector (Francks *et al.* 1999; ATA 2016), the ADLI strategy maintained its prominence in the GTP I and II political agenda, and the developmental state approach was approved once again as the third way between «the predatory state “statist” rent seeking policies, and the neo-liberal paradigm’s mantra of unleashing the market»,⁹⁵ to obtain fair social and economic prosperity.

2.1. *Agriculture for Structural Transformation in the GTP I: Inception*

The successful experiences of several Asian countries during the second half of the 20th century were obtained mainly through the implementation of public interventions, economic incentives and infrastructural investments in agriculture, and particularly for smallholder farmers, who were able to

⁹⁵ - Meles Zenawi, *African Development: Dead Ends and New Beginnings*, preliminary draft, 2006: 26.

expand the sector's production and productivity, catalyse capital investments, generate mutually reinforcing linkages between agriculture and industry, and bring about growth in the manufacturing and service industries (ATA 2016). Based on that model, in the GTP I the agricultural sector was given a primary role in the structural transformation process: intending to preserve its position as a major source of economic growth, and simultaneously «serve as a spring board for structural transformation in the long run by adequately supplying inputs necessary for industrial growth» (MoFED 2010: 23). In order for this double role to be fulfilled, the agrarian economy was expected to undergo a radical transformation from its low production, subsistence-driven, land- and capital-constrained and overall structurally vulnerable conditions.

In the GTP I, the strategy planned for the agricultural sector towards achieving the goal of becoming an industrial and middle-income country by 2025, was focused mainly on increasing the agrarian economy's production and productivity, boosting the national agricultural and agro-industrial product market expansion and efficiency, and increasing their access to international markets (MoFED 2010). The strategy followed the PASDEP pathway, linked primarily to smallholder farmer and pastoralist subsector development, combined with the expansion of private sector investments in agriculture. Accordingly, the GTP I envisaged for the sector to continue its production shift from staple to high-value crops initiated during the previous five-year development program, it promoted specific interventions in areas with high growth potential, it aimed to intensify the commercialization of smallholder farmer and pastoralist production, it also supported the expansion of large-scale commercial agriculture, and advocated a sustainable and more efficient use of water and natural resources (MoFED 2010).

2.1.1. The Transformation Agenda: Enhancing Production and Productivity

In greater detail, on the production side of the farming chain, the main approach to the smallholder farmers subsector transformation was driven by scaling-up of best interventions, that is to say, the most successful development initiatives performed until then, which were adaptable to existing conditions thanks to capital-soft, land- and labour- intensive agricultural practices and technologies. This approach was to be applied in three strategic directions. First, the best practice scale-up was to be carried out in both moisture deficit and adequate areas by: investing in the delivery of extension services and inputs, accelerating the growth of improved input application rates, tailoring the interventions to agro-ecological properties. A modified version of the PADETES: the Participatory Extension System, was issued in order to facilitate the diffusion of best practices related to crop selection, farm preparation, planting time, planting input quantity and quality, sowing, weeding, harvesting and storing. Farmer organization in development groups and social networks was among the new elements introduced: farmers were grouped into 25-30 member average units, and in 1 to 5 groups with one model farmer as

a leader and five farmers as followers; these networks were implemented both for rural development initiatives and for extension service provision (ATA, MoA 2014). Second, the Plan advocated the diffusion of irrigation schemes and the improvement of natural resource management. The third direction had to do with the gradual shift toward high-value crops, to be carried out bearing in mind each location's agro-ecological differences and market and infrastructure conditions (MoFED 2010).

A similar approach was designed for the development of the pastoral subsector production, whose upgrading was again particularly affected by the provision of extension services. In addition, based on the success of large-scale floriculture plantations created in Ethiopia thanks mainly to the contribution of Indian investors, in the GTP I the MoFED envisaged increasing and expanding domestic and foreign private investor participation in agriculture (MoFED 2010). Indeed, along with small-scale agriculture promotion, the GTP I backed with renewed emphasis the creation of large-scale commercial farming in the lowlands and peripheral regions in order to create peasant employment opportunities, increase national production and productivity, supply raw materials to the growing industry and increase export volumes. At the same time, the private sector was expected to take on the development of horticulture in the more densely populated highlands, through exportable crop outgrower schemes (vegetables, fruits, spices and herbs), to be located near urban centres or where infrastructures allowed efficient connections to value-adding chains and international markets. Finally, the GTP I focused on the integration of research-farmer linkages and on implementer capacity building – the DAs, the various levels of Agriculture and Rural Development Offices, primary cooperatives, model farmers – to expand the application of improved technologies and inputs among smallholder farmers, and thus improve production and productivity in the whole sector.

To «enhance the capacity of key stakeholders to achieve agricultural transformation» (ATA 2016: 16), the Agricultural Transformation Agency (ATA) was established in December 2010 after two years of extensive study of the agricultural sector in Ethiopia, conducted by the Ministry of Agriculture and Rural Development (MoARD) together with the Bill & Melinda Gates Foundation. The ATA was created thanks to Meles, who sought to create a new flexible and internationally-oriented institution to sustain the Ministry in the development of an efficient strategy for agricultural transformation. The ATA was established by Regulation n. 198/2010 under the supervision of an Agricultural Transformation Council chaired by the Prime Minister and deputy-chaired by the State Minister of MoARD, and it was assigned the following objectives: «1. to identify systemic constraints of agricultural development, through conducting studies, and recommend solutions in order to ensure sustainability and structural transformation, and support the application of same; 2. to support the establishment of strong linkages among agricultural and related institutions and projects in order to ensure the effectiveness of agricultural development activities» (FDRE 2011: art. 9). At the beginning of the GTP I period, the Council prepared an Agricultural Transformation Agenda intended to provide a coordinated approach to remove all obstacles holding back the sector's development and to support Ethiopia's transition to a

middle-income country status by 2025. In the first phase of inception (2011-15) the ATA was expected to contribute to all the GTP I agricultural targets, including doubling staple crop production and increasing value addition by 8%. In the subsequent phases (2016-20 and 2021-25) the Agenda aimed at integrating agriculture with other market issues and economic sectors; the final phase (2026-30) was intended to complete the transition (ATA 2016).

For the inception period, the Agenda chose 84 deliverables to be flanked by other interventions planned by the GTP I, focusing on five objectives overall: to increase crop productivity by applying proper agricultural practices, to increase production and productivity by improving agricultural extension utilization and input adoption, to strengthen agricultural marketing strategy and increase foreign market earnings, to enhance agricultural research and to strengthen natural resource conservation. For the period foreseen, interventions focused only on the most important cereals, and were expected to bring a change at the smallholder farmers' level. The deliverables addressed four different aspects of the issue - agricultural systems, value chains, crosscutting issues and special projects – aiming at testing pilot projects with innovative solutions on longstanding obstacles, such as: the institution of an input voucher system to integrate MFIs and the rural savings and credit cooperatives (RUSACCOs) into rural finance services for farmers, or the utilization of ICT to expand extension services and agricultural inputs based on verified soil analysis (ATA 2016).

2.1.2. Agricultural Marketing: The Alleged Role of Cooperatives

Even though significant emphasis is placed on accelerating the agriculture transformation process intended as the increase in marketed farming output volumes, in the GTP I and the inception phase of the Agenda, a minor focus was still being placed on the design of interventions on the marketing side of the agricultural chain. By the way, 54 out of the 84 deliverables were targeted to solve problems related to the production side of the farming chain, 9 to research, 8 to agricultural marketing and 4 to the natural resource conservation issue (ATA 2016). Most of the hope for a solution of the longstanding obstacles hindering formal domestic market expansion, and the capacity to penetrate the international one, was placed on the recent establishment of the Ethiopian Commodity Exchange (ECX), the upgrading of the cooperative sector, or allocated to future stages of agricultural transformation.

The chronic obstacles faced in accessing markets were mainly attributable to the lack of appropriate infrastructure, institutions and marketing information in most rural villages: the greater the distance to the main market in Addis Ababa, the more informal traders and brokers gained a stronghold in speculating and setting prices arbitrarily, which was often detrimental for farmers (Minot *et al.* 2015; Poli 2014). The ECX was established in 2008 aimed at creating an efficient and transparent agricultural marketing system, to ensure a reliable commodity handling and storing system, to reduce transaction costs, to connect all market entities by means of market information diffusion, to promote the

participation of all domestic producers in the national markets and to eventually connect them to international markets (Hernandez *et al.* 2015). The ECX became mandatory for the commercialization of coffee and other major industrial crops since 2010 (Delelegne *et al.* 2016).

The other major tool advocated by the EPRDF to increase agricultural marketing efficiency were the agricultural cooperatives, so often mentioned in the Agenda, as well as the issue of a sector's development strategy for 2012-2016, designed jointly by the Ministry of Agriculture (MoA), the Federal Cooperative Agency (FCA) and the ATA (MoA *et al.* 2012). The FCA, the main federal government cooperative office was established in 2004 under the Prime Minister's rule, then shifted under the MoA's one, and later under the Ministry of Trade. Out of the 40,000 cooperatives established in Ethiopia by 2010, 10,000 were «agricultural-producer-owned coops whose primary purpose [was] increasing member producers' production and incomes by helping better link with finance, agricultural inputs, information, and output markets» (MoA *et al.* 2012: 9). In Ethiopia, agricultural cooperative societies were organized on four administrative levels: primary cooperatives (serving one or few *kebele*), unions (covering a few *woreda* or a zone), federations (on a regional level) and the national cooperative league. According to official estimates, the number of agricultural primary cooperatives officially registered with the Regional Cooperative Promotion Agencies rose by 45% between 2005 and 2011, as proof of the increased attention placed by the government in this means for agricultural and economic development purposes, as already observed in previous sections.

By 2010, agricultural cooperatives constituted Ethiopia's largest group of cooperatives, and together with multipurpose cooperatives employed around 70% of the 6.7 mln cooperative members. As mentioned earlier on, the role of producer cooperatives and other service cooperatives (such as the RUSACCOs) in agricultural development had already been proposed in previous five-year plans, and received renewed and reinforced attention during the GTP I period. Once again, the strategy was backed by the knowledge of successful experiences in some Asian countries, particularly Taiwan, India and Vietnam, whose cooperative sectors served as a perfect tool for the efficient distribution and aggregation of farming inputs and outputs, which in turn led to national food self-sufficiency, agricultural development and the economy's structural transformation (MoA *et al.* 2012; Francks *et al.* 1999).

Based on international models, in order for agricultural cooperatives to contribute to the structural transformation of the Ethiopian economy, they are expected to fulfill many functions, including: input procurement and distribution, extension services, surplus allocation, output marketing and other financial and social services. By 2010, Ethiopia's cooperatives were the main seed and fertilizer distributors to farmers (over 90% for both according to government estimates), based on a system that is still ongoing: the DAs and the unions assess the input demand required by the cooperatives to satisfy member and non-member needs and they foster loans from the Commercial Bank of Ethiopia for primary cooperatives to purchase the required inputs. However, according to the MoA and other relevant planners' expectations (MoA *et al.* 2012) cooperatives did not fulfill their role in the provision of

extension services, the distribution of dividends among members and the delivery of finance and social services adequately.

Most importantly, cooperatives offered an insufficient contribution to the development of the agricultural sector concerning output marketing, particularly with regard to: aggregating and buying farmer outputs, providing connections with reliable demand sources, offering storage services, helping with value-adding processing, issuing quality certificates and providing cash advances to farmers. As seen in the development strategy planned during the GTP I period (MoA *et al.* 2012), primary cooperatives were indeed expected to aggregate output sales and establish linkages with higher-tier cooperatives (unions and federations) for more advanced services such as branding and quality controls, to create value addition through agro-processing activities or linkages with relevant domestic actors, and eventually to connect farmers with international markets. In order to foster the the sector's upgrading in the target period, the strategy did not deliver any considerable solutions but just feeble suggestions regarding: the enhancement of the cooperative certification process, providing capacity building services, improving marketing structures and infrastructures, strengthening public sector support, issuing a comprehensive cooperative development policy and guideline, improving the rural financing system by strengthening the role of MFIs, RUSACCOs and the Commercial Bank of Ethiopia as semi-dedicated agricultural cooperative lenders (MoA *et al.* 2012).

2.1.3. Catalysing International Assistance for Agricultural Transformation: PIF and AGP

The cooperatives central role was stressed also in the Ethiopia's Agricultural Plan of Investment Framework (PIF), a document issued in 2010 and intended to enact the Comprehensive Africa Agriculture Development Programme (CAADP) Compact signed by the GoE and its development partners (MoARD 2010). In the second of the four strategic objectives set by the PIF, strengthening cooperatives was presented as one of the means envisaged to enhance rural commercialisation and agro-industrial development. Since the PIF represented a platform to coordinate and line up the GoE and development partner investments under the CAADP, it constituted the framework for the planning and implementation of numerous foreign assistance projects for agricultural transformation, rural development and food security, and it reaffirmed the GoE's commitment and leadership in the process (Mafa *et al.* 2015). In order to complete the presentation of the GoE's approach to agricultural and structural transformation, it is worth analysing here some of its major mainstays.

Though Ethiopia endorsed the principles provided by the Maputo Declaration in 2003, the country's actual commitment commenced in 2008,⁹⁶ with the initial works for the preparation of the PIF, whose

⁹⁶ - According to Kassahun (2016) this delay was mainly due to long bureaucratic procedures characterizing the process of cascading the CAADP to existing policies in the member countries.

final version was issued in March 2011. Out of a total budget of USD 15.5 billion set for the PIF's implementation period (2010-20), USD 9.3 billion were provided by the GoE, and the remaining 40% by development partners (Callihan, Tadesse 2012). Since at that time Ethiopia was already respecting the CAADP's targets of achieving a 6% annual growth rate in the sector and dedicating over 10% of total budget spending to agriculture and food security (FAO 2014), the PIF did not entail any real changes in government incentives and strategies surrounding agricultural development and food security, except for an inner reorientation of funding allocation from food security to rural and agricultural development (MoARD 2010).⁹⁷ More relevantly, as observed by Kassahun (2016), the GoE viewed the adoption of the framework as a guarantee for constant development assistance fund inflows to the country and as a means for its development partners to legitimize the positive impacts of the strategy adopted. In addition, since the management committee was established in April 2008 – the Rural Economic Development and Food Security Sector Working Group – was chaired by the Minister of Agriculture and Rural Development co-chaired by rotating representatives of major donors (Callihan, Tadesse 2012), the PIF accorded the GoE a leading position in coordinating donor activities with considerable relevancy in agricultural and agrarian terms, further enlarging an already widespread command system.

Accordingly, the PIF adopted the main goal of transforming Ethiopia into a middle-income country by 2020 set by GTP I, and combined it with the development objective of «sustainably increase rural incomes and national food security» (MoARD 2010: 16). The PIF explicitly preannounced the vision of the GTP I and II concerning agricultural transformation, regarding mainly the graduation of smallholder farmers – that generate 95% of the agricultural GDP and constitute 85% of total employment - from their subsistence condition to semi-commercial status. The first strategic objective addressed by the PIF (SO1) was aimed to achieve a sustainable increase in agricultural production and productivity by focusing on high potential areas, closing the gap between model and common farmers, scaling-up best practices, strengthening agricultural research and extension services, promoting supply channels for farming inputs and improving water and land use. The second (SO2) was intended to accelerate agricultural commercialisation and agro-industrial development by increasing output volumes entering the markets or supplying raw materials to the agro-industrial sector, strengthening smallholder farmers connection with agro-processing companies, expanding food demands for urban centres, encouraging private sector investments in commercial farming, promoting value chains with high potential for growth and value addition. By using the tools indicated by the GTP I, the SO2's strategy was expected to be fulfilled through the prominent role of cooperatives, through a transparent private and public

⁹⁷ - Between 2007/08 and 2009/10, 66% of MoARD's expenditures were assigned to food security and disaster risk management. Conversely, between 2010 and 2010, the PIF planned a gradual increase in funds allocated to rural and agricultural development from 6.2% (2008/09) to 7.5% (in 2020) of GDP, with more than half of the funds directed to enhancing production and productivity, and less than a quarter for food security (MoARD 2010).

investment system, by fostering the expansion and functions of financial services and ECX, regulating contract farming, issuing competitive trade policies and public-private partnerships. As for fund distribution, only 7% of total spending was allocated to SO2, while 51% went to SO1, and the rest was divided equally between the two remaining strategic objectives: to reduce degradation and improve productivity of natural resources (SO3); to achieve universal food security and protect vulnerable households from natural disasters (SO4).

Both the strategies and the fund distribution revealed once again the financial and strategic commitment to focus on smallholder farmer subsector upgrading in order to transform agriculture as a whole, and a limited focus on the marketing side of the farming chain which was carried on from the previous five-year development plans. However, it is worth remembering here that the PIF was not designed as a project or program and, contrarily to the Agricultural Transformation Agenda, it had not explicitly named deliverables (Mafa *et al.* 2015). However, the government has organized the PIF in order to link flagship programs to each of the strategic objectives: the SO1 and SO2 were managed by the Agricultural Growth Project (AGP), the SO3 by the Sustainable Land Management Project, and the SO4 by the various components of the Food Security Program (Callihan, Tadesse 2012). In the alleged inception period, the AGP complemented the GTP I strategies for agricultural transformation, filling the strategic and financial gap left by a food security-biased development strategy implemented by the GoE and its development partners.

The AGP was based on over USD 250 million in proposed grants and credits by the WB funded International Development Association, a multi-donor trust fund, USAID and other donors, over a five-year period (2011-15);⁹⁸ in line with the above-mentioned development strategies, the AGP aimed at accelerating broad-based sustained agricultural growth to reduce poverty and food insecurity, boosting the achievement of the Millennium Development Goals, and contributing to the CAADP goals (WB 2010). The project focused on 20 *woreda* clusters, selected in the four main regions for being food- and moisture-secure areas, and for having considerable agricultural growth potential. An ambitious target of 83 *woreda* and 9.8 million small- and medium-scale farmers (ranging between 0.25 and 2.3 ha) were selected as beneficiaries; and an initial list of key commodities has been selected using a value chain approach, based on their growth potential and spill-over effects.

The project was made up by two technical components and a project management and monitoring and evaluation component (WB 2010). Regarding the agricultural transformation strategy envisaged by the AGP, component n.1 which focused on agricultural production and commercialization is worth mentioning here.⁹⁹ This first technical component was allocated the second largest funding portion of

⁹⁸ - GoE and beneficiaries' contributions to financing the project were less than 30 USD million, out of a total planned cost of 280 USD million (WB 2010).

⁹⁹ - The component 2 of the AGP invested 142 \$US million to small-scale rural infrastructure development and management.

the project (USD 118 million), and was divided into three sub-components: institutional development and strengthening (USD 38 million), scaling-up best practices (USD 30 million) and market and agribusiness development (USD 51 million). Within the first sub-component, the project aimed at strengthening key public advisory services such as agricultural services (mainly farming training centers, DAs and access to improved information technology), soil fertility management services and animal health services; and to strengthen or establish formal organizations and informal farmer groups sharing common interests, to register as cooperatives, to foster collective action and to promote group-to-group and farmer-to-farmer learning. With the second sub-component the project's purpose is to identify best practices in each *kebele* involved using a decentralized, market-oriented and value chain approach (from input supply to post-harvest processing and including land management and natural resource conservation); and to spread it through the extension support of DAs, *woreda* experts, cooperatives, farmer groups, agribusiness players and other service providers. The third sub-component aims specifically at diffusing market orientation and promoting agribusiness through the private sector's enhanced participation, to stimulate agricultural production and competitiveness, and provide opportunities for rural income diversification. This particular strategy targeted key selected value chains in the four regions; it stimulated links between agro-enterprises and cooperatives, and regional, domestic and international markets through innovation and demonstration funds dedicated to all private stakeholders along the value chain (farmer groups, primary cooperatives, unions, traders, agro-processors, wholesalers, retailers and exporters) to identify new markets, acquire innovation technology and provide support services; it promoted links to MFIs, RUSACCOs and private bank lending; and lastly boosted livestock breeding improvement and better seed multiplication, regulation and quality control.

Starting from a common orientation toward the small-scale production subsector, the AGP introduced a set of new elements in the agricultural transformation strategy. First, as opposed to the other above summarized strategies of the same period, this strategy was more closely linked to the value chain approach, and developed through all the stakeholders. Secondly, those strategies' alleged market-orientation was replaced by a more structured approach to inter-sectoral linkages between agriculture and industry, agribusiness and value addition. On the other side, the project confirmed some of the agricultural transformation guidelines highlighted earlier as typical of the analysed period. Particularly: the introduction of a spatially-centred development strategy focusing on areas and commodities with high growth potentials; the promotion of farmer aggregations and collective actions to achieve technological progress and explore new marketing strategies; the existence of a differentiated peasantry and the possibility, for the majority, to benefit from scaling-up best practices implemented by progressive farmers.

2.2. Current Trends and Trajectories

Following a greater domestic economy penetration in international production and trade relations, and the implementation of the developmental state project, the inception period, the Transformation Agenda, the GTP I's strategies, the PIF's framework and the AGP have introduced new elements in the agricultural transformation strategy. Some of the new patterns created have been presented above, and others will be discussed in this section. However, it is necessary to point out that, as proved by the presentation, the ADLI plan and its strategic support of the smallholder farmer subsector as a main source of growth, poverty-reduction and food security, have characterized the whole trajectory, and still represent a main cornerstone of the development policy. As already observed, on one side, this has certainly been influenced by the neo-populist approach to rural and agricultural development that optimistically sees in peasant economy and small-scale producers the potential to attain food security, poverty reduction and equal development; and that has been the mainstream model for agrarian transition in the Western-minded strategies of the last decades. On the other, this approach is also embedded in the political-ideological alliance with the peasantry which confirms the legitimacy of the EPRDF's rule (Kassahun 2016), and for this purpose it has been framed and carried on.

Providing over 90% of the agricultural GDP, which in turn constitutes the overall economy's leading sector, it is certain that a relevant share of the positive trends observed in the social and economic indexes throughout the 2000s is attributable to smallholder farmers; and consequently, this performance may be seen as proof of the success of small-scale-oriented strategies for agricultural development and food security. As described further in the following section, the subsector did actually experience considerable growth since the inception of the ADLI, but evidence suggests that this growth has not been associated to a structural agrarian transformation.

2.2.1. Major Changes in Agriculture in Two Decades

Looking at the evolution in major crop production and its land distribution over the last two decades - reported in tables 3 and 4 in appendix A, based on CSA annual Agricultural Sample Surveys' data¹⁰⁰ - the positive trends can easily be seen. Growth has occurred in both grain and non-grain crops. Between 1994 and 2016, grain crops production growth has been pervasive: on a national level, overall cereal production reached an 8% annual growth rate, 7% for pulses 12% for oilseeds. Other major crops such as vegetables, root crops, fruits, coffee and hops experienced lower growth rates. Table 3 in appendix A shows detailed data on aggregated production and production growth reached in 2016 from the baseline year (1994). The table shows that few non-traditional cash crops such as sugar cane, sesame, rapeseed, and haricot beans (in that order) have achieved the highest growth rates, which may be attributed mainly to large-scale development projects carried out by private and public initiatives in specific high potential

¹⁰⁰ - Data are from all the available annual CSA's Agricultural Sample Surveys on area and production of major crops, and on land utilization, between 1995/96 and 2016/17: CSA 1995/96 – 2016/17a; CSA 1995/96 – 2016/17b.

geographical areas. It is worth pointing out that, these successes have led to interventions aimed at developing specific agricultural value chains in areas with high growth potential within the AGP, and other cluster-led initiatives that will be presented in the following section.

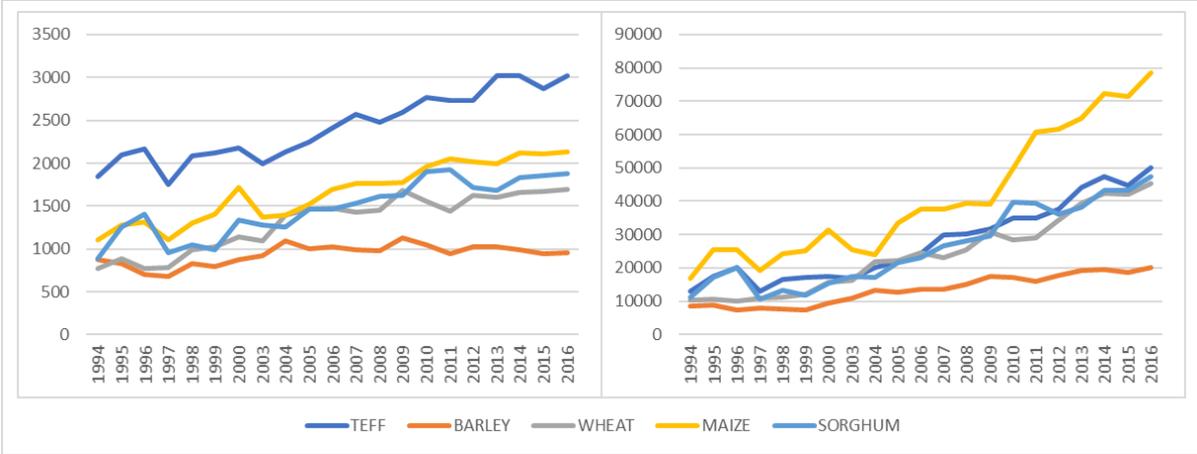


Figure 9 - Total private holding cereal production surface (left, in '000 ha) and volumes (right, in '000 qt) during 1994-2016 meher seasons. Personal elaboration, source: CSA

As for the grain crop increase, in spite of a diffused growth, no considerable changes have been found among different types of crops, in terms of land distribution and production. Regarding major cereals – the most diffused crops in the country - figure 9 shows increasing trends in cultivated area and output between 1994 and 2016; with the sole exception for barley, where land occupation and production have shown no remarkable increase.

	1994	2016	%
CEREALS	10.7	24.8	131.9
teff	7.0	16.6	136.2
barley	9.6	21.1	118.9
wheat	13.3	26.8	101.0
maize	15.1	36.7	142.6
sorghum	12.7	25.3	99.4

Table 1 - Major cereal yields (qt/ha) and growth rate (%) from 1994 to 2016. Personal elaboration, source: CSA

As for the breakdown between the different cereals, teff continues to be the first cultivated cereal in terms of land occupation, and maize production has achieved higher performances in terms of output. According to personal calculations, the correlation between land expansion and production growth for the analysed period was high (0.91), thus proving that land expansion contributed significantly to production growth. This interpretation confirms the findings of Byerlee *et al.* (2007) and Alemayehu *et al.* (2013), who

calculated that the top source for farmer revenue change and cereal production growth between 1998 and 2008 was acreage expansion, rather than crop intensification or price variations. However, as shown in table 1, cereal yields have more than doubled in the two decades, contributing further to the output increase, and showing the positive impact of those staple crop-oriented policies for agricultural development and food security, that have been implemented through the decades.

Figure 10 - Total private holding pulses production surface (left, in '000 ha) and volumes (right, in '000 qt) during 1994-2016 *meher* seasons. Personal elaboration, source: CSA

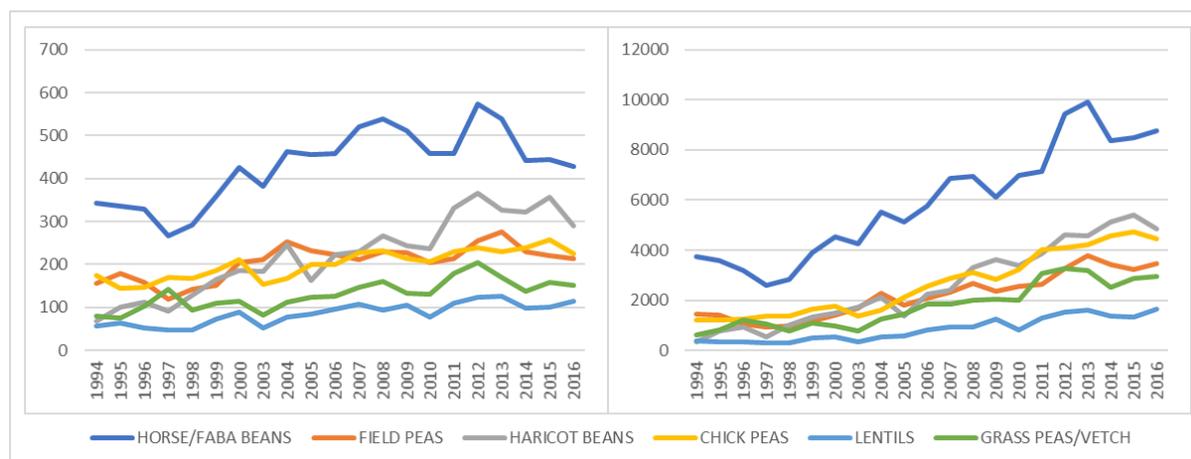
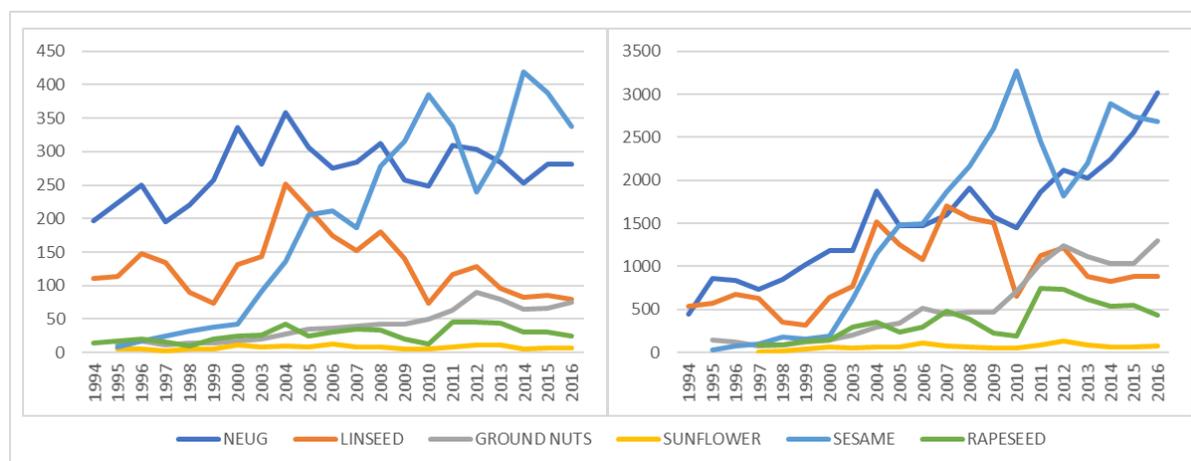
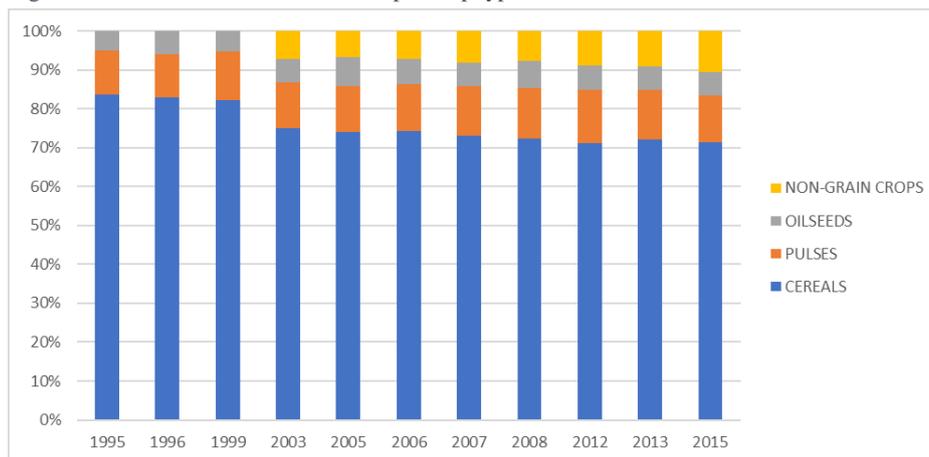


Figure 11 - Total private holding oilseed production surface (left, in '000 ha) and volumes (right, in '000 qt) during 1994-2016, *meher* seasons. Personal elaboration, source: CSA



As indicated in figures 10 and 11, and observable from tables 3 and 4 in appendix A, similar trends have marked the evolution in pulses and oilseeds: their growth in terms of output and area occupation has varied just marginally, the crop type distribution in the last two decades; at the same time, pulses yields have doubled in the analyzed period, and increased threefold for oilseeds in general. With regard to pulses, faba beans still represent the most produced and cultivated type, lentils are the lowest, and haricot beans have only shown a slightly greater increase compared to other legume growth rates. As for oilseeds, sesame showed an interesting trend, going from very low levels in 1994, to become the leading oilseed crop in terms of land occupation, and the second in terms of output by 2016. More diversified trends have characterized the major non-grain crops – vegetables, root crops, fruit crops, khat, coffee, hops and sugar cane - whose land occupation grew by a 7% average between 2003 and 2016, but yields have increased considerably only in the case of sugar cane (86% average annual growth).

Figure 12 - Cultivated land distribution per crop type. Personal elaboration, source: CSA



As presented in chapter 2, one of the agricultural commercialisation strategies implemented during the 2000s was associated to the shift from staple to high-value commodities. Coherently, recent studies have provided evidence of an ongoing economic transition process which is currently affecting Ethiopian peasantry, associated mainly to the shift from staple to cash crops, thus leading to the growth of peasant integration in national markets, peasant entrepreneurship and social differentiation.¹⁰¹ However, official data gathered on a national level shown in figure 12 indicate that between 1995 and 2015 the variation in land distribution per crop has been just marginal (CSA 1995/96 – 2016/17b). Cereals have remained the most diffused crop in the country, in spite of a slight 8% reduction in the last two decades: 6% was replaced by non-grain crops (after 2003), and 2% by pulses and oilseeds (as seen between 1995 and 2003).¹⁰² Similarly, no remarkable change has taken place regarding the distribution of temporary/contemporary crops: out of the total crop land, the prevalence of the former as seen in 1995 (93.4%) was still significant in 2015 (89.6%).

Therefore, in spite of increasing crop production, crop distribution on the land has not varied much in the last two decades; but, total cultivated land in Ethiopia has expanded significantly, from 8.69 mln ha in 1995 to 14.52 mln ha in 2015. This remarkable increase in total cultivated land has been counterbalanced and nullified by population growth: between 1995 and 2015, land size per farming household has decreased from 1.02 to 0.88 hectares. This declining trend has been observed by Headey *et al.* (2014), who demonstrated that, although land scarcity in the Ethiopian highlands is associated to greater improved input purchases, family farm labour, cereal yields and gross farm incomes (thanks mainly to the adoption of high-value crops), land constraints ultimately have serious negative consequences on net farm incomes. Less ambiguously, Kidane (2014) and Kibrom *et al.* (2016) observed

¹⁰¹ - For further inquiries see S. Ege, *The New Economy: Agricultural Transformation in North Shäwa, Ethiopia*, Paper presented at the 19th International Conference of Ethiopian Studies, Warsaw, 24-28 August 2014.

¹⁰² - The relevance of this transformation is influenced by the fact that the computation of non-grain crops in the Agricultural Sample Surveys took place only after 2003; since when the shift toward non-grain crops affected less than 4% of all crop land. Missing years in figure 12 correspond to the lack of relevant CSA surveys.

a positive relationship between farm size and input purchase and adoption, thus emphasizing further the risks associated with the ongoing average farm plot decrease.

As a consequence of this trend and of hampered economic differentiation and agricultural commercialization, smallholders still constitute the majority of agricultural producers, in spite of the slight decrease observed in the first half of the 2000s. Figure 13 illustrates these trends by reporting the evolution in holder distribution by land size, as estimated by CSA.

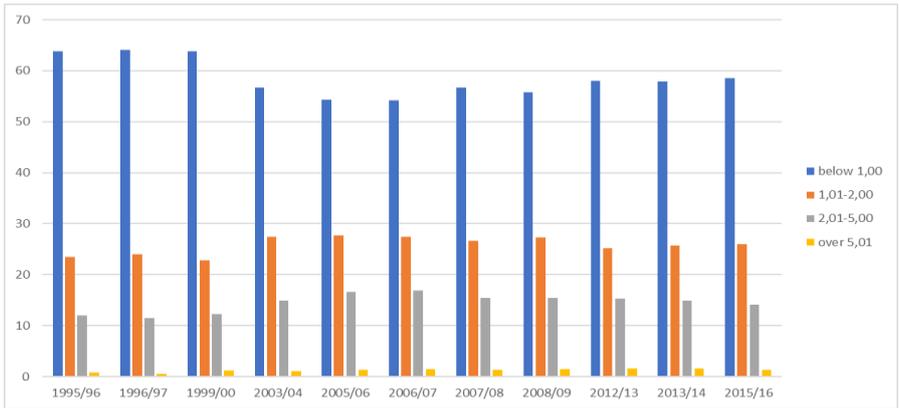


Figure 13 – Holder distribution per land holding size (% of overall holders). Personal elaboration, source: CSA

Figure 14 gives a rather different picture: between 1995/96 and 2015/16, holders below 1 ha owned between 22 and 33 percent of the total crop land, those between 1.01 and 2 ha shared between 32 and 35 percent of the total crop land, and at present the largest share of cultivated land is being exploited by holders between 2 and 5 ha. Changing tendencies show a slight growth in total land being cultivated by over 5 ha holders, a significant decline in under 1 ha holdings in the mid-2000s followed by a gradual recovery in later years, an opposite trend for holdings between 2.01 and 5 hectares, and a stable share for holdings between 1.01 and 2 hectares. Since under 2 ha holdings share has not changed considerably from 85% of the total crop land, it is possible to assert that, in spite of an increased production and overall productivity, the small-scale producer subsector has undergone a slight change in its position *vis-à-vis* the agricultural sector and the rest of the economy.

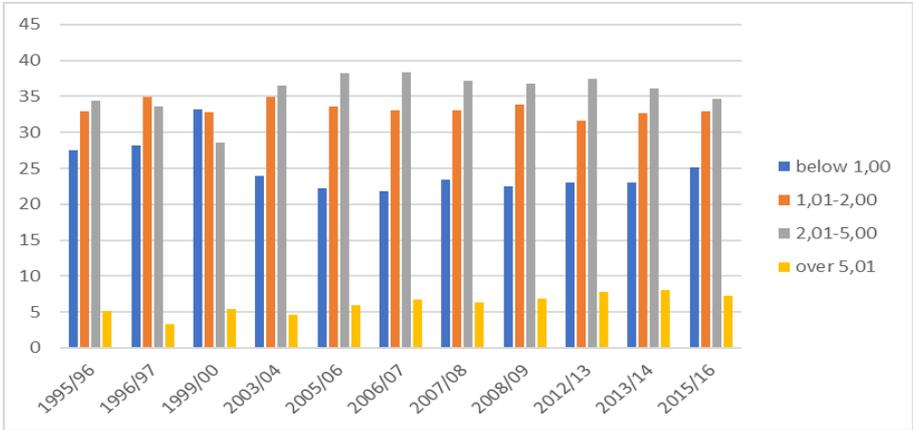


Figure 14 - Land use distribution by holding size (% of total crop land). Personal elaboration, source: CSA

A significant contribution towards the production and productivity growth observed in the last two decades, may be attributed to the change in farm management practices which in turn has been fostered by the creation of a large extension system. As presented earlier regarding the rural and agricultural development policies adopted, the change has been pursued mainly through attempts to expand irrigated land and spread the adoption of improved agricultural inputs such as seeds, fertilizers, pesticides. Data from Agricultural Sample Surveys between 1995 and 2016 demonstrate a considerable increase in the adoption of agricultural inputs: in terms of hectares served, out of the total cultivated land the use of improved seeds grew from 0.7% in 1995 to 9.6%, the use of pesticides increased from 9.4% to 24.1% and the use of fertilizers shifted from 32.7% to 46.8%.¹⁰³ Therefore, considerable improvements have been achieved in this period regarding input use, with consequent positive impacts on cereal production and yield, as asserted by Minten *et al.* (2016), Rashid *et al.* (2015), Minot *et al.* (2016).

However, current input use rates show that even for the highest performing input (fertilizers), the adoption share is below half of the entire farming community; therefore, in spite of a positive trajectory, overall data suggest that a lot is yet to be done in the sector. In addition, it is worth pointing out that these statistics and indexes may not provide a correct picture. For instance, as suggested by Spielman *et al.* (2011) and Minot *et al.* (2015), statistics block out the high rates of seed recycling (for self-pollinated crops like wheat) and hybridization (for cross-pollinated ones like maize) usually undertaken by farmers, and include in the land affected by improved types even the areas planted with seeds that are not first generation, which may have lost their yields.¹⁰⁴

As observed earlier, input purchase and use have been promoted and complemented by the creation of a widespread extension system providing various services - such as training and visits, technical advice and credit - carried out mainly through the deployment of extension agents in the rural *kebele*, the establishment of rural financial institutions and primary cooperatives. According to recent estimates, the GoE has developed the lowest extension-agent-to-farmer ratio in the world (1:476), and established 12,500 farming training centers and 59,000 basic cooperatives which include agricultural and rural development activities (ATA 2016; FDRE 2016). However, considerable amount of literature points out that many obstacles of a political and economic kind still challenge the development of efficient extension services, and improved input provision, distribution and application patterns (Dawit 2011; Berhanu *et al.* 2006; Kassahun, Poulton 2014; Tilaye, Daniel 2016; Spielman *et al.* 2010).

¹⁰³ - According to the definitions adopted by the CSA, natural fertilizer consists of farm yard manure and wood ashes, the chemical type consists of DAP (di-ammonium phosphate), UREA (ammonium nitrate) and NPS (nitrogen, phosphorus and sulphur). During the period under examination, chemical fertilizers use growth has been accompanied by an almost total elimination of natural fertilizers use: the share of total cultivated land served by the former shifted from 25.8% to 46.8%, while use of the natural type declined from 6.9% to 0.1%.

¹⁰⁴ - With regard to wheat seeds, for instance, Minot *et al.* (2015) observed that on average wheat farmers purchase improved seeds every 17 years, which is very high by international standards (every 3 years in USA and 5 in India).

In summary, along with the aforementioned improvements in farming production, productivity and farm management, significant development has also affected rural roads and communication infrastructures which have strengthened rural-urban linkages, and the marketing information system that has led to an improved spatial price integration (Minten *et al.* 2014). However, as recent official data reports, the smallholder farmer subsector is still anchored to a subsistence-led production system since, on a national average, 67% of cereal production is still destined for self-consumption, and only 15.7% is for selling.¹⁰⁵ It is true that the figure is different for pulses (26%), oilseeds (53%), vegetables (23%), root crops (20%) and permanent crops (43%), but considering the production volumes, the weighted average is 20.1%, a very low rate which suggests that the ultimate objective of transforming Ethiopian peasants into commercial or semi-commercial actors, is still being hampered.

2.2.2. *Large-Scale Investments in Agriculture*

Considering the wide and diversified range of developing countries, in the period at issue Ethiopia was (and still is) among those to have obtained the most positive economic record track. However, as observed so far, in spite of the government's huge support, the Ethiopian agrarian environment has struggled to bring about a radical change in its core structure, characterized by a subsistence-led smallholder-farming community adopting rudimentary farm management practices and coping with a wide range of obstacles (mentioned above, to be added to other fundamental aspects such as: environment, climate change, gender, food insecurity, illiteracy, health vulnerability, and so on and so forth). The mixed performance by the Ethiopian agrarian transition pathway and the delays in the structural transformation process already seen in the early 2000s, combined with the rapid emergence of global-competitive and outward oriented economies and the expansion of international processes and agri-food value chains (to name just a few), fostered the promotion of a strategic economic opening to foreign and large-scale investments in agriculture.

As already observed, since the early 2000s the GoE promoted the creation of large-scale commercial farms in «areas having large unutilized agriculturally suitable land» (MoFED 2003: 58), aimed at encouraging foreign and emerging domestic private sectors to invest in agriculture and thus contribute to the economic vision of the developmental state project. Starting in 2002, for the whole decade the GoE issued a very generous investment legislation for foreign investors which offered (among other things): very low capital requirements for businesses wishing to invest, the possibility to fully repatriate profits and dividends, guarantees against expropriation, income tax exemption for investment projects exporting over 50% of their outputs, free custom duty for import of all capital goods, spare parts and construction materials (FDRE 2002; FDRE 2003; FDRE 2008). The income tax exemption tool was

¹⁰⁵ - 13.8% is for seeds, 1.1% generates wages in kind, 0.5% for animal feed and 2.9% for other purposes.

used pervasively to attract investors, and specific exemptions were approved for investments in «relatively under developed Regions such as Gambella, Benshangul and Gumuz, South Omo, in Afar Zones to be determined by the Board» (FDRE 2003: art. 4/7), and extended further in subsequent years, to include also other lowland and pastoralist areas (FDRE 2012a: art. 5/2).

These incentives were not exclusively centred on agriculture, but rather extended to many economic areas, with the exception of exclusive industry sectors reserved for Ethiopian nationals (FDRE 2012a); but in the initial phase, most of the political and investor attention was focused on the agricultural sector. These incentives were indeed in line with the rural and agricultural development strategy planned by the government during the 2000s and formalized with the SDPRP and PASDEP, aimed mainly at encouraging a «proper use of land» in scattered areas (MoFED 2002: 53), expanding high-value crops for export, and connecting smallholder farmers to private investors with out-grower schemes for mutual benefits (MoFED 2003, 2006). These fiscal incentives combined with the land certification process started in early 2000s, and with the land tenure reforms implemented in the following years, making it easier for the various government administrative tiers to attract investors: Proclamation n. 456/2005 affirmed that «government being the owner of rural land, communal rural land holdings can be changed to private holdings as may be necessary» (FDRE 2005b: art. 5/3), and Proclamation n. 455/2005 established the legal system for land expropriation to be achieved for «a better development project to be carried out by public entities, private investors, cooperative societies or other organs» (FDRE 2005a: art. 3/1).

In 2005 Proclamations n. 455 and n. 456 also enforced the self-determination and decentralization principles as expressed in the Constitution, and already affirmed by Proclamation n. 89/1997, according to which land administration was vested to regional states. However, in 2008, the Agricultural Investment Support Directorate (within the MoARD) was designated by the GoE as the lead agency to deal with land investments over 5000 ha. At that time, all consolidated investment lands and potential areas for future investments above 5000 ha, were transferred from the regional authority to a Federal Land Bank, that potential investors were to access, through the MoARD. Although revenue from transactions (mainly land rent and income taxes) and smaller-sized investments was planned to be kept by the region involved, all the aspects of large-scale land deals were to be decided and carried out at a federal level.¹⁰⁶ In this way, the authority for land administration was recentralized, making room for the state to strengthen control over rural land.

The foreign large-scale investment phenomenon kicked up in Ethiopia and in many other African countries from the second half of the 2000s, and became particularly intense due to the convergence of

¹⁰⁶ - See Imeru Tamrat, *Governance of Large Scale Agricultural Investments in Africa: The Case of Ethiopia*, Paper presented at the World Bank Conference on Land Policy and Administration, 26-27 April 2010, Washington, D.C.

different global factors such as the 2007/08 food price crises, the rapid deterioration of climate-change-related transformations, and emerging economies' increased demand for fuels and biofuels. The issue raised analyst, development agency, international financial institution and national government attention, concerning the implications of large-scale investments on land, in terms of social, economic, political and environmental impact. To make it very simple, the debate developed around two main positions: on one side the mainstream thought sustained by many development agencies saw the process as a positive tool to create win-win cooperation scenarios, with multidimensional development benefits for the hosting economies (WB 2007; Collier, Dercon 2014). On the other, many analysts connected the analysis to longstanding agrarian political economy matters and argued that the land (and natural resource) grabbing process carried out by strong private or state-led companies in vulnerable economies and society favoured international capital economic interests to the detriment of hosting country food security and development; and in so doing it generated local expropriation and marginalisation mechanisms, indigenous community displacement, and smallholder farmer differentiation, de-peasantization and proletarianization. In those circumstances with structural conditions comparable to those of Ethiopia, the relationship between local peasant/pastoralist communities and large-scale investors, became rapidly the core question of the debate.

The GoE addressed the opportunity of land deals from an optimistic approach and included the promotion of foreign and domestic large-scale investments among its economic growth and development strategies. Concerning agriculture in particular, as observed by Dessalegn (2011), the MoARD assessed land deals for their expected contribution to the sector's growth, from a wide range of perspectives: high-value and export crops production increase, foreign revenue benefits and agro-industry fostering, creating employment opportunities, promoting infrastructure and social asset enhancement, favouring technology transfers and innovation spill over, ensuring energy security. Within this strategic framework, the EPRDF addressed the core question in two ways. On one side it was framed within the historically embedded social and political coalition with the peasantry, and sheltered smallholder farmers living in the highlands of the central regions from being expropriated of their assets. In this situation, to avoid displacements large-scale investments could only come in the form of contractual agreements with local producers. On the other hand, in lowland areas of peripheral regions, land leases were conceded more easily because of the lower political and economic participation to the developmental project, accorded to their inhabitants. These regions have historically suffered from being excluded from the decision-making taken at the centre (Markakis 2011; Abbink 2011), and this ethnic and spatial division has been replicated in the GoE's call for investors in communal and grazing land in pastoral areas because of their underperformance, and for this reason, it has advocated for its developmental core, the authority to replace them with other production forces.

Any attempt to assess the relevance of the phenomenon with empirical data is challenged by a multidimensional range of obstacles. The question of data transparency is a crucial issue in the analysis

of African land deals since, as Oya and Cotula have pointed out (Oya 2013a; Cotula, Oya 2014), many of the dichotomies that often influence the debate are gathered from the analysis of limited case studies, or taken from databases lacking accuracy or reliability. Available data on the evolution and relevancy of land deals in Ethiopia are indeed ambiguous and present a rather different picture depending on their source. To name but a few of the most credited estimates, in 2011, an alarming report from the Oakland Institute reported that by the time of survey, over 3.6 mln ha had been transferred to land investors - mainly from Oromia, Benishanghul-Gumuz, SNNPR and Gambella, and were being used to produce cotton, oil crops, pulses, maize and horticultural crops (in that order) - and many more were declared available for large-scale investors (Horne 2011). Instead, Dessalegn (2011) observed that according to WB data, between 2004 and 2008 1.2 mln ha were transferred to land investors, and that an additional 0.5 mln ha were transferred in 2009 and 2010. In addition, the analyst claimed that almost 3.6 mln ha were transferred by regional governments to the Federal Land Bank as potentially available for investors by 2011, and by 2012 he estimated that the total land handed over to investors ranged between 3 and 3.5 mln ha (Dessalegn 2014). Sharing a common view with other leading analysts and case study researches, these studies raised huge concerns about the impact of these investments in terms of massive displacements without a balanced compensation, negative implications on poverty and food security, and dangerous effects on the environment and on socio-cultural relations. Furthermore, in 2014 the International Institute for Environment and Development published a report that revealed that between 2005 and 2012 over 1 mln ha of land had been transferred for large-scale investments - of which 380,000 ha from the Federal Land Bank, 335,000 ha by regional governments and 335,000 ha for state-run sugar plantations – and as for the previous ones, it found that this had major negative consequences on pastoralist livelihoods, raised conflicts over land and brought a very small contribution in terms of employment generation (Keeley *et al.* 2014). Differently, yet again, a recent study conducted by the WB Group assessed that the “land rush” denounced by some widely quoted reports was much less than claimed. The study was based on nationally representative large farm surveys conducted in Ethiopia between 2010/11 and 2013/14, and observed that between 1991 and 2013 a total 1.77 mln ha of land had been assigned to commercial farms (including also farms with less than 20 ha), with the transfer rate having reached a peak in 2008, and declining to pre-2007 levels since then; which is in stark contradiction with what was declared by Dessalegn and others (Ali *et al.* 2015). Official estimates by the Ethiopian government asserted that out of the total 2.4 mln ha transferred to investors by 2014/15, 840,000 ha were transferred during the GTP I period, with foreign investors focusing on floriculture, and domestic ones on cotton and horticulture (FDRE 2016).

This data uncertainty makes it very hard to assess the real impact and relevancy of the issue in the Ethiopian context and gives credit to Oya and others’ call for further researches and investigation. Nevertheless, observers and analysts share a common view on the fact that so far, the strategy has not generated the expected results in terms of employment creation, food security attainment, and

agricultural transformation. Successful cases have remained isolated and on a national level the strategy has not engendered significant technology transfers, innovation spill overs or economic externalities to local communities; rather, many have observed negative impacts and have raised severe condemnations regarding the suppression of human rights and environmental damages caused. In addition, as observed also in previous sections, nationally agriculture has not undergone a structural transformation: large-scale investments have rarely succeeded at integrating smallholder farmers into contract farming, outgrowing schemes or permanent employment. Instead, the peasant communities involved have often been expropriated of their assets and means of production, or forced to agree to unfavourable and/or unreliable forms of agreement.

Unlike many other African countries, the institutional setting presented above created a special condition in Ethiopia whereby all the land dealing process has been run by the state: from attracting investors, to the selection, clearing and allocation of land (Dessalegn 2014). Through the regional governments and the MoARD, or as the result of public corporation investments, the developmental state has indeed mediated the pressures of foreign and domestic private investors in the interest of its political and economic objectives (Lavers 2012). Hence, by applying the unbalanced centre-periphery power division, the highland-central state has made the pastoralist economy based lowland resources accessible and extractable, to pursue an agrarian transformation strategy based on the accumulation by dispossession process (Dessalegn 2014; Fana 2016). Instead, in the densely populated highlands, smallholder farmer commercialization has sought to avoid dispossession, to avoid undermining the politically-strategic alliance with the peasantry (Kassahun 2016); but observers have reported that quite often farmers had no choice but to participate to the outgrowing schemes, or were even displaced to allow the establishment of flower-farms in Oromia (Lavers 2012).

Some have argued that through its large-scale investor promotion, the GoE has radically shifted its structural transformation and economic growth strategies from being in favour of smallholder farmers, to one serving a growing class of large landholders and middle-income entrepreneurs.¹⁰⁷ This position is confirmed by the evidence that, according to most of the surveys, this agrarian transformation process is mainly driven by Ethiopian actors, since the vast majority of the investors are Ethiopian or are directly linked to the government (Ali *et al.* 2015; Keeley *et al.* 2014; Tsegaye, Spoor 2015). Hence, according to some, new entrepreneurs rather than smallholder farmers now have priority for new land allocations (Lavers 2012). Regardless of the accuracy of these observations, the issue is that if this is an ongoing trend, it cannot be seen as smallholder farmer subsector exclusion from the centre of the agricultural and agrarian transformation strategy, but it should rather be considered as a state-mediated turn toward that

¹⁰⁷ - See Lavers 2012; Lefort 2012; Lefort R., *From Individual Food Security to National Food Self-Sufficiency: The Ethiopian Way, Its Impact and Some Future Scenarios*, Paper presented at the 18th International Conference of Ethiopian Studies, Dire Dawa, 2012.

«agrarian pluralism» envisaged by Dessalegn (2008b); it doesn't seem right either, to interpret the change as a U-turn toward market capitalism, as claimed by Lefort.¹⁰⁸

Indeed, through the appropriation of full control over the land, the government has handed the authority (and legitimacy) over to its land administration structures to pursue the perfect combination of capital, labour and land (Lavers 2012). However, as the study of agricultural clusters will reveal, the smallholder farmer subsector has not been excluded at all from the pursuit of this objective. Instead, it has been (sometimes forcefully) included in an ambitious agrarian transformation project which is focused on changing their production and trade relations, their performances and their accumulation methods. Hence, rather than diminishing its importance within the strategy, these evolutions have further deepened the dependence and submission of the smallholder farmer subsector *vis-à-vis* the state, they have enhanced the state's control over production and trade relations, and in some circumstances further limited the possibilities for free market forces to expand within the rural economies. Therefore, regardless of the group targeted for development (whether small- or large-scale landholders, or pro-poor or capitalist-oriented initiatives), the current agrarian transformation processes are affected even more by the state's pervasive power centralization, which places all private actors under the same rigid control policy. Therefore, two facts are worth mentioning here, as evidence of the extent of the government's control and authority over land deals and agrarian transformation. On one side, the government-led Ethiopian Sugar Corporation, established in 2010 to develop large-scale factories, massive constructions and land procurement, following the acquisition of some private competitors, in 2014 controlled almost half a million ha of land in its projects which included plantations, factories, dams, irrigation canals, houses for labourers and staff (Dessalegn 2014). On the other, in 2016 the government decided arbitrarily to cancel a 100,000 ha land lease conceded in 2010 to the Indian-based agricultural company Karuturi, for having developed just a very small quota of the land received,¹⁰⁹ showing once more its strong presence and developmental vision.

2.2.3. *GTP II and the Second Phase of the Agenda*

During the GTP I period the economy continued its fast growth trend. In addition, regarding the sectors' contribution to growth, the patterns observed during the last period of the PASDEP (figure 1), were reinforced during the new decade. Industrial development was given priority during the GTP I, and as a consequence – as the graph shows in figure 15 - agriculture growth slowed and industry became the highest performing sector in terms of value added growth rate. However, at the end of the period the

¹⁰⁸ - Lefort *op. cit.*

¹⁰⁹ - A. Rosen, *One of Africa's Most Promising Economies is Facing a Fundamental Problem*, "Business Insider", 18 January 2016: <http://www.businessinsider.com/one-of-africas-most-promising-economies-is-facing-a-fundamental-problem-2016-1?IR=T>

alleged structural transformation toward industry was still lagging behind expectations because, in terms of GDP share, industry shifted from 12.5 to 15.1 percent, agriculture from 41.6 to 38.5 percent and services from 45.5 to 46.3 percent (FDRE 2016). In addition, by 2014/15, the share of employment in agriculture reached 75%, and the expected surplus labour transfer was not achieved (FDRE 2016). Furthermore, agriculture’s contribution to the 20% annual export earnings growth rate obtained by the country between 1995 and 2014, has been rising over time (Admasu 2017),¹¹⁰ while in 2015 the manufacturing share of the total merchandise export value stood at 12.5% (FDRE 2016). Therefore, as observed earlier, if a structural change has occurred, this was more in favour of the service sector, and certainly not of the manufacturing industrial subsector, whose share of employment and of the GDP remained below 1 and 5 percent respectively (FDRE 2016).

The plan envisaged by the GTP II for the agricultural sector, carries on the targets and strategies set by the GTP I. Agriculture is expected «to remain the main driver of rapid and inclusive growth and development (...) [and] to be the main source of growth for the modern productive sector», and therefore special attention is given to

enhancing quantity and quality of high value crops, industrial inputs and export commodities (FDRE 2016: 78). The plan aims at recovering an 8% annual agricultural growth rate, by enhancing crop and pastoral farming production and productivity, and by promoting private sector investments in agriculture. At the same time, the agricultural transformation and development strategy aims at creating job opportunities in industrial and agro-industrial sectors, by simultaneously reducing the share of agricultural employment over total employment. The implementation strategy includes: doubling the amount of rehabilitated and irrigated land, doubling the improved seed and fertilizer supply, expanding extension service delivery to reach 16.8 million farmers, strengthening food security and biodiversity conservation. In addition, among the targets specifically set for private sector development in agriculture, the GTP II aims at transferring almost 700,000 ha to investors by 2019/20 and to enhance domestic investor participation, whose contribution has been limited and unsatisfactory (FDRE 2016).

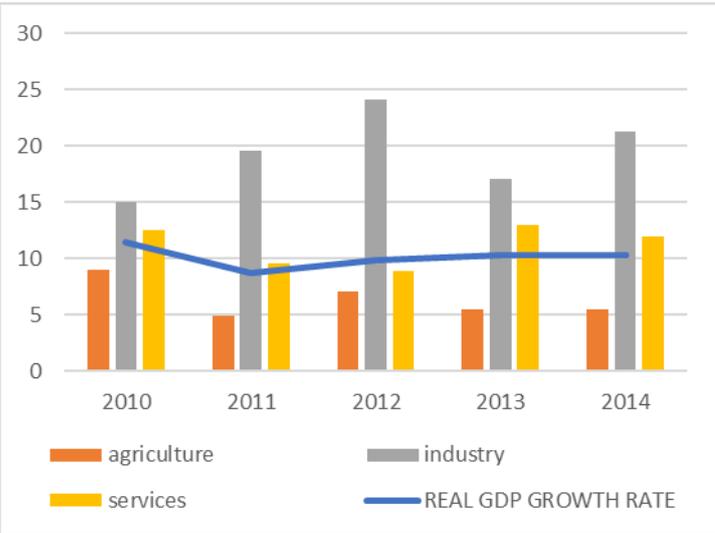


Figure 15 - Real GDP annual growth rate (%), by economic sector. Personal elaboration, source: FDRE (2016)

¹¹⁰ - Within the agricultural sector, the growth was mostly characterized by the relative decline in coffee and the parallel growth of some traditional and non-traditional agricultural export commodities, such as cut-flowers and dairy products and eggs, that obtained 49% and 29% annual growth rates respectively (Admasu 2017).

The second phase of the Growth and Transformation strategy coincides with the second phases of the AGP, for which the GoE received additional USD 350 million (WB 2015), and of the Agricultural Transformation Agenda designed by ATA. While the first phase focused mainly on boosting the agricultural sector's production and productivity, in the inception of the second phase the ATA aimed at including intersectoral elements, traditionally associated with industry, trade and water resources, to attain a rapid and structural change in the agricultural sector, and engender economic transformation mechanisms. These intentions give credit to the considerations mentioned above, according to which the whole agricultural transformation trajectory created during the 2000s, and carried on with the GTP I, approached the prospect of transforming the smallholder farmers' subsector from a production-biased perspective that neglected the linkages with the markets and other economic sectors.

Based on this perspective – inspired once again by the East Asian country model - the second phase of the Agenda in the GTP II is indeed focused on improving crop and livestock production and productivity and diversifying production into high-value crops; creating an environmentally sustainable and socially inclusive growth; strengthening market systems; and enhancing implementation capacity (ATA 2017). 50 deliverables and 190 sub-deliverables are distributed among these 4 mainstays that compose the strategy, and a new Anchor Initiative – the Agricultural Commercialization Clusters initiative (ACC), that was launched during the GTP I's last year, but whose implementation is being carried out mainly at present – whose purpose is to integrate the most relevant interventions in high-priority geographies and commodities. Following the intentions mentioned above, the Agenda includes a wider spectrum of actions compared to its previous version, that plan to add initiatives mainly for: livestock production and productivity, watershed and agro-forestry development, land use planning and administration, biodiversity, implementation capacity, domestic and export market volumes, agro-processing and value addition.

As previous sections have pointed out, the implementation of an agricultural transformation strategy narrowly centred on increasing production volumes, has certainly contributed to the economic development of the agricultural sector, but it has failed to generate a structural transformation of the sector. In addition, the declining growth rates experienced by the sector in the last period seem to suggest that, should it continue on this pathway, the growth margins will be progressively narrower in future years, unless it undergoes a radical change. Earlier sections' findings suggest that this radical change is not foreseeable for two main reasons. First, although the picture may be different for the peripheral regions, neither the domestic rural “new entrepreneurs” identified by Lefort (2012) – among which commercial farming investors and graduated model farmers -, nor the foreign investors in agriculture have so far generated a significant change in the agrarian production structure – figure 14 shows that similarly to 20 years ago, 60% of total cultivated land is owned by private peasant holders ploughing less than 2 ha –, nor does the nature of their actual engagement seem so considerable as to suggest any unquestionable expectation for change in the near future. Second, because of the peasant-based and

revolutionary aim on which the developmental state's political legitimacy is grounded, a radical land reform with structural transformative impacts is not likely to pass in the ruling coalition's policy agenda any time soon; and neither is a democratic alternation in power.

Therefore, in the coming future, Ethiopian agricultural sector development will again depend mostly on the performance of the smallholder farmers' subsector. In turn, this will weigh - most probably, and more heavily than in the past - on the capacity to improve the quantity and quality of the subsector's marketed outputs, and to connect them with the international trade. 12 deliverables are associated to the commercialization strategy in the second phase of the Agenda, aimed mainly at improving agricultural market efficiency and market information transparency, reducing transaction costs, increasing investments in medium and large size commercial farming and creating a valuable agro-industry supply system. The main tools intended to achieve those targets are: issuing regulations, for instance on quality certificates, contract farming and out-grower schemes; strengthening market centres on all levels; improving access to rural finance; promoting cooperative role in aggregation, value addition and exports; promoting spatial development initiatives in agro-industry in areas with high growth potential, through the ACC. The success or failure of these initiatives will most probably shape the direction of the whole trajectory of agricultural and agrarian transformation.

Regulations, especially those concerning agreements between small-scale producers and commercial farming systems, are of crucial importance towards promoting fair and equal growth, and to avoid the exclusion of smallholder farmers from the transformation process; however, despite repeated calls for intent, no considerable legislation has been produced so far.¹¹¹ Cooperatives are still a fundamental tool for the GoE: during the GTP II period, the FCA intends to double the number of members and the available capital (FCA 2015). However, despite the great potential and rationale behind cooperative promotion for input delivery and output marketing (Dorosh, Mellor 2013), so far the sector has not produced the expected results, and their actual performance is severely challenged by financial constraints and local government interference in their organization and daily activities (MoA *et al.* 2012). Great expectations are therefore linked to the ACC initiative, which focuses on adopting the Agenda's most relevant activities to strengthen specific value chains in selected areas, and may embody the preview of the strategy to be implemented nationwide at a later time.

Finally, it is worth highlighting some of the points analysed so far. First, with the Agenda the GoE has embarked on an ambitious transformation project that so far has contributed considerably to the growth of the agricultural sector and the economy. Secondly, the project has not generated relevant transformation in agrarian production and trade relations, and the sector has not created consolidated value addition structures, nor has it transformed the subsistent nature of the dominant producer category.

¹¹¹ - Interview with Eshetayehu Tefera, Senior Expert in Commercial and Contract Farming Program, the Ethiopian Agricultural Transformation Agency, 12 July 2016, Addis Ababa.

Thirdly, given the great opportunities offered by the global economy, the trajectory has attempted to penetrate international markets by using the developmental state's mediation, but so far this integration has not generated the expected outcome.

Grounding on the longstanding obstacles and the positive results generated, being inspired by domestic and international successful examples and spurred by the need to benefit from the relentless integration with the global economy, the ACC proposes an approach to agricultural transformation centred on spatial development initiatives, focused on selected value-chains, characterised by intersectoral linkages, and outward orientation. As the case studies will demonstrate, given this wide perspective, for the coming future it is worth monitoring the (alleged) nationwide application of the approach proposed by the ACC, for its agricultural and agrarian transformation potentials.

3. *Clustering, an Agenda for Structural Transformation*

One of the economic development and growth strategies implemented during the Growth and Transformation Plans period was the creation of cluster-based initiatives. According to the relevant literature analysed in chapter 1, clusters have the potential to enhance competitiveness, productivity, innovation and economic externalities through vertical and horizontal linkages among different actors involved in the same industrial sector. As already observed, combined with other spatial development initiatives, clusters have been recently adopted in several developing countries for the purpose of concentrating development initiatives in the most suitable potential areas. Cluster-based approaches have been applied in many different industrial sectors, including agrobusiness, and have in some cases succeeded in expanding markets, generating profits and alleviating poverty (Zeng 2008).

The following sections will present the recent emergence of cluster-based initiatives in the Ethiopian economic development and structural transformation trajectory of the last decade. As part of the GTP I and II, both the Industrial Parks and Agricultural Commercialization Cluster initiatives are created to promote domestic private sector development and to attract foreign investors, through the geographic concentration of interconnected companies and initiatives. This indeed constitutes one of the strategies pursued to exploit the country's comparative advantage in agriculture and in the industrial sector, in view of international market penetration and for the economy's structural transformation. With regard to agriculture in particular, as already observed the agricultural transformation strategy created by the GoE includes the enhancement of inter-sectoral linkages and outward-oriented relations, and aims to respond to the need to integrate smallholder farmers into well-connected value chains. Ideally, by establishing favourable conditions in spatially defined areas selected for their growth potentials, the creation of agricultural and agro-industrial clusters is expected to overcome the structural obstacles that have hampered the agrarian sector's structural transformation so far.

Through the discussion of the basics of these new initiatives, the next sections will provide greater insight into the process and strategy of implementation, and will show the way that they are created through the developmental state's mediation, in line with the political and economic trajectory created over the last two decades. Obviously, since most of the initiatives were started only very recently, the discussion will not focus on outputs and outcomes, but rather on analysing some main issues regarding the implementation process. Following the first section which is dedicated to parks and cluster-based initiatives created in industry, in order to introduce the strategy's rationale and essentials, the second section will explore in greater depth the implementation of cluster-based initiatives in agriculture and agro-industry, to define the institutional and strategic fundamentals that shape the creation of agricultural clusters in South Wollo, that will be analysed in chapter 4.

3.1. *Industrial Parks and Clustering*

The overall objectives set by the GTP I and II are linked to the expansion of production, productivity, quality and competitiveness of its manufacturing industry, given its potential development in bringing about a structural transformation in Ethiopia. To ensure a competitive industrial development, the government has focused on creating favourable conditions for investors by investing in human resources, boosting developmental thinking, creating a conducive investment climate, facilitating legal frameworks and organizational structures, and improving infrastructures (FDRE 2016). The light and agro-processing industry constitutes the strategy's backbone and is expected to increase by 21.9% annually during the GTP II period. Detailed development plans have been prepared to promote the development of the textile and garment industry, the leather and leather product industry, the metal and engineering industry, the meat, milk and honey industry, the chemical and construction supply industry, the agro-processing industry, and the pharmaceutical industry.

Various strategies were planned, among which the creation of industrial development zones, to support the manufacturing industry's development. Particularly in the case of small- and medium-size firms, Ethiopian entrepreneurs face many obstacles in their ordinary activities, specially when it comes to obtaining credit, protecting minority investors, trading across borders, dealing with construction permits and starting a business (WB 2017). Moreover, as reported by two representatives of the UNIDO and Agenzia Italiana per la Cooperazione allo Sviluppo I met in Addis Ababa in July 2016, the government uses its administrative and financial tools to control the activities of entrepreneurs, thus leading to their discouragement and limitation.¹¹² Further obstacles have been identified by recent studies concerning the Ethiopian manufacturing industry: land titling and access are complicated, importing and exporting

¹¹² - Interview with Chiara Scaraggi, Associate Expert in Agribusiness Development at UNIDO Ethiopia, and Filippo Archi, Agenzia Italiana per la Cooperazione allo Sviluppo, Ethiopia, 5 July 2016, Addis Ababa.

goods is very costly, currency overevaluation is a challenge for its competitiveness, and labour productivity is very low (WB 2014).

In order to overcome all these barriers, by emulating the path of other industrializing economies, the GoE has chosen precise geographical industrial development zones for the construction of industrial parks (IPs) – agglomerations of industries specializing in specific manufacturing sectors - where special trade and fiscal agreements are established, and infrastructures and finance institutions are appropriate to attract investments. “Industrial development zones” were established by the Investment Proclamation n. 769/2012, Part Eight, and defined (in the amended version issued in 2014) as «areas with distinct boundary designated by the appropriate organ to develop identical, similar or interrelated industries together or to develop multifaceted industries, based on a planned fulfilment of infrastructures and various services such as road, electric power and water, and having special incentive schemes, with a broad view to achieving, planned and systematic, development of industries, mitigation of the impacts of environmental pollution and development of urban centers, and includes special economic zones, IPs, technology parks, export processing zones, free trade zones and the likes designated by the Investment Board» (FDRE 2014: 7451; FDRE 2012b).

So far twelve public IP projects have been completed or planned in top priority sectors: leather, textile and garment, metal engineering, construction materials, pharmaceutical, and agro-processing. Public IPs are (or will be) located in Hawassa, Mekelle, Kombolcha, Adama, Dire Dawa, Bole Lemi, Kilinto, Jima, Debre Birhan, Bahir Dar, Aysha and Hunan.¹¹³ In the first phase of their construction, public industrial parks will occupy from a minimum of 75 up to a maximum of 365 hectares of land, and upon completion of the largest park (in Dire Dawa) the occupied land is expected to reach 4000 ha. ¹¹⁴ IPs are established primarily to lure foreign medium- and large-scale investors, with the aim of stimulating further growth in the domestic private sector; 10 to 15-year income tax exemption periods are introduced for IP developers focusing on export goods.¹¹⁵ These are comparable to special-economic zones created by developing economies based on the model of more industrialized ones (Korea, Mauritius, Taiwan, China), where special economic policies and incentives were provided in specific geographic locations, to enterprises that could create jobs, attract foreign direct investments and develop exports, in a free trade environment which enabled them to compete in global markets (Monga 2011).

The first park to be created and to become active was the apparel Bole Lemi Industrial Park in Addis Ababa, which was established on 156 ha of land, thanks to a 1.2 billion Birr agreement with 13 local

¹¹³ - Six additional projects have been planned for private industrial parks in Dukem, Mojo, Minjar, Dire Dawa and Adama, to be built and managed exclusively by Chinese and South Korean investors, see Fitsum Arega, *International Investment Forum, Addis Abeba, Ethiopia*, The First International Agro-Industry Investment Forum Ethiopia, Session 1: Investment Climate and Growth of the Private Sector in Ethiopia, Addis Ababa, 5-7 October 2016.

¹¹⁴ - <http://www.ipdc.gov.et/index.php/en/industrial-parks>

¹¹⁵ - Fitsum Arega, *op. cit.*

contractors; Bole-Lemi II is currently being developed on 186 ha of land in collaboration with the WB Group and Japanese investors.¹¹⁶ In June 2017, the first phase of the Hawassa Industry Park, 300 km south of Addis Ababa in Oromia Region, has become operative.¹¹⁷ The construction of the park was performed by the China Civil Engineering Corporation, following a 246 USD million agreement that was signed in July 2015.¹¹⁸ 18 global leading textile and apparel companies and eight domestic investors are part of the Hawassa Industrial Park, which was considered the blueprint for the establishment of the others.¹¹⁹ In early July, the Kombolcha Industrial Park and the Mekelle Industrial Park have been inaugurated in the presence of the Prime Minister Hailemariam who stated: «The completion of Kombolcha Industrial Park today is a big step forward in the economic transformation of the country».¹²⁰ The park occupies 75 ha of land and while 30% of its built-up area will be occupied by local companies, the remaining 70% will be dedicated to foreign companies including US, Korean and Italian enterprises who have requested to establish their plants in the park; the park is expected to create a total of over 20,000 new jobs. Both parks have been constructed by the China Civil Engineering Construction Corporation, for a total cost ranging between 190 and 250 USD million.¹²¹ The Mekelle Industrial park currently occupies 100 ha and is expected to create another 20,000 jobs.¹²²

The government has been investing heavily on the creation of these parks. The Industrial Parks Development Corporation (IPDC), a public enterprise that plays a fundamental role in the realization of the parks, was established in 2014. Together with the Ethiopian Investment Commission¹²³ and the Ethiopian Revenue and Custom Authority, the IPDC promotes IP creation by leasing land to investors, managing the relationship with federal and regional institutions, ensuring the necessary infrastructures, attracting investors and setting up financial agreements.¹²⁴ As expressed in the GTP II, the GoE is also

¹¹⁶ - Two references from official authorities of the Ethiopian government: <http://www.ipdc.gov.et/index.php/en/industrial-parks/bole-lemi-i> and *Japanese Company to Develop Special Zone in Bole-Lemi II Industrial Park*, “Ethiopian News Agency”, 14 June 2017: <http://www.ena.gov.et/en/index.php/economy/item/3336-japanese-company-to-develop-special-zone-in-bole-lemi-ii-industrial-park>

¹¹⁷ - Girmachew Gashaw, *Ethiopia: Hawassa Industry Park Goes Operational*, “The Ethiopian Herald”, 21 June 2017: <http://allafrica.com/stories/201706210655.html>

¹¹⁸ - *Chinese Corporation to Construct Hawassa Industrial Park for \$246m*, “AddisBiz”: <https://addisbiz.com/ethiopian-business-news/169-chinese-corporation-to-construct-hawassa-industrial-park-for-246m>

¹¹⁹ - *Hawassa Industrial Park to be Fully Operational*, “Ethiopian News Agency”, 16 June 2017: <http://www.ena.gov.et/en/index.php/economy/item/3345-hawassa-industrial-park-to-be-fully-operational>

¹²⁰ - *Kombolcha Industrial Park Inaugurated*, “Ethiopian News Agency”, 8 July 2017: <http://www.ena.gov.et/en/index.php/economy/item/3464-kombolcha-industrial-park-inaugurated>

¹²¹ - Official data by the Ethiopian News Agency reports USD 190 million, whereas 250 is reported by *Kombolcha and Mekelle Follow Hawassa in Inaugurating Industrial Parks*, “Semonegna.com”, 9 July 2017: <http://semonegna.com/mekelle-kombolcha-industrial-park-inaugurated/>

¹²² - *Mekelle Industrial Park Inaugurated*, “Ethiopian News Agency”, 9 July 2017: <http://www.ena.gov.et/en/index.php/economy/item/3468-mekelle-industrial-park-inaugurated>

¹²³ - The Ethiopian Investment Commission is a government organization established in 1992 as Ethiopian Investment Agency (then renamed Commission), which is accountable to the Investment Board, in turn chaired by the Prime Minister.

¹²⁴ - <http://www.ipdc.gov.et/index.php/en/about-us>

committed to simplify the access to financial institutions, to tackle market constraints by creating connections with local industries, and to address all the infrastructural issues that arise during the project period (FDRE 2016).

As proven by the majority of cases reported, direct foreign investments are expected to fulfill the lack of domestic large-scale firms, and to constitute the nucleus of the IP ventures, as both main constructors and leaders of the productive process. These foreign or local, medium to large companies are more likely to foster and employ innovative knowledge, new technology and capital, and to stimulate the creation of satellite activities, with important benefits for regional development. Employment creation is indeed among the most highlighted outputs of the project, and moreover a belt of Ethiopian suppliers, mainly small- and medium- scale enterprises surrounding the industrial zone, is expected to be stimulated, by an increased product demand (FDRE 2016). With the establishment of industrial zones, the GoE has indeed tried to facilitate the generation of these externalities through regulatory means, such as reducing investment entry and operating costs, facilitating access to finance and land, and easing the bureaucratic procedures to run a business. However, these tools may not be sufficient since there are also non-regulatory constraints that challenge the connection between Ethiopian suppliers and large- and medium-scale firms, such as information gaps, skilled worker shortage, and quality and standard unbalances (WB 2014).

Strengthening the connection between medium- to large-size enterprises, and micro- to small-size ones is among the government's top priorities for the manufacturing sector, since the latter are considered «a[n] engine for development and job creation» (MoI 2013: 55). The organizational structure envisaged by the IPs in Ethiopia thus is similar to the one of other industrial clusters that have spread since the 1990s in developing economies. Starting from similar circumstances characterized by weak infrastructures, limited capital availability, high transaction costs, scarce technology and cheap labour abundance, the need to concentrate industrialization efforts within geographically limited areas stimulates competition and collaboration among firms that produce externalities and advantages for the whole cluster. For this reason, cluster development strategies intended to alleviate production and sales problems faced by micro- and small-size enterprises have been issued in Ethiopia since 2003, in collaboration with the UNIDO (Ali *et al.* 2016). These have been implemented differently in the country, sometimes beginning from already existing manufacturing industry “natural clusters” mainly in the Addis Ababa surrounding area, or creating new ones from scratch.¹²⁵ However the creation of these areas was tainted by some fallacies which basically resulted in failed experiences: the selection of the locations did not take available market outlets and the overall economic environment into proper consideration; limited attention was given to the organization of production and working conditions;

¹²⁵ - The Gundish Meda textile and garment cluster were created in the vicinity of the existing natural handloom cluster at Shiro Meda, while the Kirkos textile and leather clusters and the Jackros construction, wood and metal work cluster were established by the government from the beginning (Ali 2012).

proposed incentives did not attract sufficient enterprises; basic infrastructures were not provided in time (Ali 2012).

Based on these experiences, the objective of the ongoing IP project is to overcome the abovementioned problems, by relying more on direct foreign investments and on a better promotion of large-small enterprise connections. Lately several areas have been chosen for industrial cluster creation by federal and regional governments in collaboration with the UNIDO and the UNDP, with or without direct connections to the aforementioned IPs.¹²⁶ Indeed, there is a recent and rapidly increasing emphasis on cluster-based development programs, which is apparently becoming one of the leading strategies for the economy's structural transformation. The GTP II planned to build about 2247 standardized one stop service centres, to activate credit for 21 billion Birr, and to provide manufacturing premises to new and potential mid-size enterprises in the industrial zones (FDRE 2016).

It is too early and not relevant to this work, to assess the performance of these arrangements. However, as pointed out by Monga and Farole when speaking about other similar experiences in SSA (Monga 2011; Farole 2011), a government's paternalist and non-transparent conduct is more likely to generate negative results. As highlighted by the political economy path traced in previous sections of this work, these represent real risks for the GoE. Recent studies on contemporary change dynamics in the micro-to medium-size industry reveals that: as a consequence of industrial policies, an outstanding number of micro enterprises (less than 5 employees and total assets of not more than 6000 USD) have been started in the manufacturing sector, with important consequences on job creation; nevertheless, an excessively narrow focus on consolidation strategies has hindered the upgrading of these micro firms and it is not likely to change any time soon. At the same time, small- and medium-scale enterprises are constrained by finance access issues, since MFIs are still considered the major source of enterprise funding, but they are not able to provide sufficient credit. Furthermore, the developmental role played by the government sometimes hampers the sector's transformation by doing business through its agencies and organizations – such as the Federal Micro and Small Enterprises Development Agency, which is under the Ministry of Urban Development and Construction – instead of supporting small and medium firm promotion (Amare 2017; Ali *et al.* 2014).

3.2. *Clustering in Agriculture*

With the GTP I and II, the cluster-based approach has spread also in the GoE's agenda for agricultural development and transformation, with four main programs: the Integrated Agro-Industrial Parks (IAIPs), the Agricultural Commercialization Clusters (ACC), the Livestock Master Plan and the

¹²⁶ - See Ali *et al.* (2016), UNIDO (2016b) and UNDP, *Moving Towards Industrial Cluster Development Initiatives*, United Nations Development Programme Ethiopia.

Agricultural Growth Program (AGP). As reported by Zegeye Teklu, Agribusiness Market Linkage Manager at ATA, clustering in agriculture is made to enhance an effective use of resources and ultimately to increase agricultural producers' production and productivity. Improving production and productivity is consistent with the transformational agenda envisaged by the government and its connected agencies for the agricultural sector, which should shift from subsistence to commercial farming. While the AGP has already been presented in previous sections, and the Livestock Master Plan will not be part of this discussion, the IAIPs and ACC programs are briefly presented here, before moving on to the exploration of the grassroot implementation of the clustering approach in South Wollo.

3.2.1. *Integrated Agro-Industrial Parks*

The IAIPs follow the pattern of other IPs presented earlier, associated to the objective of boosting light manufacturing in Ethiopia in order to achieve the middle-income country status by 2025. The agro-industrial sector represents one of the main manufacturing industry subsectors on which the GTP I and II focus. According to recent estimates (2014), the value added in agro-industry has tripled since the beginning of the decade.¹²⁷ The main share of this growth is due to the agri-food subsector (food and beverages) that, according to UNIDO (2016a), by 2013 represented the manufacturing sector's largest group (50%). At the same time, the share of processed products out of the total agro-industry sector exports amounts to only 1.3%, but since the global export of processed agricultural commodities is increasing by 10% annually, there is reason for Ethiopia to penetrate these expanding market opportunities (UNIDO 2016a). Therefore, the IAIPs have been set up in order to coordinate the agricultural sector's growth potential, the agro-industry's increasing global market opportunities, and the objectives established by the GoE in terms of economy's structural transformation and poverty reduction.

Modeled on the same cluster-based approach of the IPs, the IAIPs are indeed created to attract investors, to facilitate private sector development, to improve the integration between agricultural value chain entities, to stimulate competition and collaboration, to increase exports, and so on and so forth. Moreover, by fostering the linkage between industry and agriculture, IAIP creation is also intended to stimulate and carry on a deep transformation of the subsistence-oriented farming production method, which in turn represents the main source of income for around 80% of the population. «The park is going to take farmers toward global value chain (...) toward the global market» the State Ministry of

¹²⁷ - See Amare Legesse Reda, *Assessment on the Availability of Agro Food Industry Data on the Annual Manufacturing Industry Survey of Ethiopia*, Presented in the FAO- UNIDO expert group meeting on Agro-industrial Measurement, 23-24 November 2015, Rome.

Industry stated vehemently in a recent speech.¹²⁸ By including smallholder farmers in contractual agreements with enterprises operating in the IAIPs, the GoE intends to ensure their access to markets, to improve their knowledge and technology, and to connect them to global value chains, thus promoting a response to opportunities and challenges offered by contemporary changes in global production and trade relations. At the same time, it is quite obvious that the expected outcome in terms of social and economic development, associated to the creation of rural non-farming jobs, the promotion of livelihoods and the transformation of traditional production and reproduction relations, are emblematic of the way the classic agrarian question still constitutes a major issue for the country, and the steps undertaken by the government towards its solution.

As reported by an Associate Expert in Agribusiness Development at the Ethiopia UNIDO I interviewed, the IAIP initiative has been designed in close collaboration with the UNIDO, and it is part of the Programme for Country Partnership for Ethiopia, with the participation of numerous development partners and UN agencies, and it focuses on three light manufacturing industries: agri-food processing, textiles and apparel, and leather and leather products.¹²⁹ «An IAIP is a geographic cluster of independent firms grouped together to gain economies of scale and positive externalities by sharing infrastructure – roads, power, communication, storage, packaging, by-product utilization, effluent treatment, logistics and transport, laboratory facilities, etc. – and taking advantage of opportunities for bulk purchasing and selling, training courses and extension services. Multiple agro-processing functions take place in the IAIPs, such as final processing, storage, packaging, marketing and distribution. Support businesses and social infrastructure are also present. IAIPs will include open area production zones, controlled environment growing, precision farming, knowledge hubs and research facilities, rural hubs, agri-infrastructure, collection centres, primary processing hubs, [rural transformation centres] RTCs, social infrastructure and agri-marketing infrastructure, among others» (UNIDO 2016a: 6).

The IAIPs rationale is to exploit the competitive advantage of the locations selected, by integrating agriculture and industry within a successful joint productive process carried out locally but with a global view. For this purpose, feasibility studies were conducted in 2015 by a joint effort between the UNIDO, FAO, UNDP, the Ministry of Agriculture and Natural Resources (MoANR), the Ministry of Industry and the Ministry of Finance and Cooperation. These studies led to the identification of 17 agro-industrial growth corridors, with IAIP establishment potential.¹³⁰ Within these corridors, four pilot IAIP sites have

¹²⁸ - Mebrahtu Meles, *Speaking at UNIDO Investment Forum in Addis Ababa*, The First International Agro-Industry Investment Forum Ethiopia, 5-7 October 2016, Addis Ababa, Session 2: Integrated Agro-Industrial Parks and Rural Industrialization.

¹²⁹ - Interview with Chiara Scaraggi.

¹³⁰ - These corridors are located in 34 zones: West Tigray, North West Tigray South Tigray in Tigray Region; North Gondar, Awi, West Gojam, East Gojam, South Wollo, North Shewa in Amhara Region; West Wellega, Illubabor, Jimma, East Wellega, Horo Gudru, West Shewa, South West Shewa, East Shewa, Arsi, West Arsi, Bale, Borena in Oromia Region; Guraghe, Siliti, Hadiya, Yem Special Woreda, Sidama, Gedeo, Gemo Gofa, South Omo in SNNPR; Agnuwak in Gambella Region; Metekel in Benishangul-Gumuz Region; Zone 1 in Afar Region;

subsequently been identified in the four main regions, based on six criteria: agricultural production potential for strategic commodities, inter-industry linkages and triggering effect, infrastructure facilities, market potential, access to commercial and support services, enterprise concentration and attractiveness to investors (UNIDO 2016a). The selected sites are: Bulbula in Central Eastern Oromia, Baeker in Western Tigray, Bure in South West Amhara and Yirgalem in Eastern SNNPR (UNIDO 2016b). A master plan for each of the four pilot IAIPs was drawn up and on 8 February 2016 the Prime Minister officially launched the second phase of the IAIP initiative, consisting of detailed engineering designs (UNIDO 2017). The parks will bring together and transform agri-food commodities of all different kinds within the same plant: cereals, pulses, fruit and vegetables, coffee, dairy products, honey, fishery, meat and other animal products. The commodities will be gathered from the surrounding areas available to supply raw materials to the parks: the estimated available land for this purpose ranges from 163,461 ha for Yirgalem Park, up to 524,706 ha for the Baeker Park. According to the master plans, the total area of the parks - including the industrial units, the multi facility complex utilities and the residential zones – will range between 109 ha in Yirgalem and 263 ha in Bulbula. After an estimated initial investment of around USD 267 million, over the following four years it will surpass USD 660 million (UNIDO 2016b). With the appreciation of the community of development partners involved, the GoE has committed USD 300 million to the development of IAIP infrastructures, in addition to capital investment, support for small- and medium-size enterprises, support for foreign operations, a public-private partnership to provide services to the companies, logistical support, a 0% export tax with the exception of leather and skins, connection with Universities and other educational and research institutes.¹³¹

In October 2016, the First International Agro-Industry Investment Forum was held in Addis Ababa. The event was organized jointly by the GoE and the UNIDO within its Inclusive and Sustainable Industrial Development Agenda, aimed at promoting international private investments in the three priority light manufacturing subsectors of: agro-processing, textile and garment, leather and leather products. The 3-day Forum gathered international investors, representatives from international financial institutions, domestic industrial associations, for a total of 1,200 participants (UNIDO 2016b), confirming the remark made by Li Yong – the UNIDO General Director – at the opening of the Forum: «With foreign direct investment flows to the country amounting to over USD 2 billion in 2015 alone, Ethiopia is becoming a hot spot for investors, especially in textile and garments».¹³² Development partners and representatives

Shinele, Jijiga in Somali Region. See Suresh B., *Integrated Agro-Industrial Parks Feasibility Study and Business Plan*, The First International Agro-Industry Investment Forum, 5-7 October 2016, Addis Ababa, Session 2: Integrated Agro-Industrial Parks and Rural Industrialization.

¹³¹ - From UNIDO (2016a, 2016b), and Mebrahtu Meles *op. cit.*

¹³² - UNIDO, *Ethiopia Attracting Billions from Investors in the Manufacturing Sector, Say Participants of Agro-Industry Investment Forum*, Inclusive and Sustainable Industrial Development, United Nations Industrial Development Organization, 5 October 2016.

of the business sector expressed deep support for the IAIPs initiative (UNIDO 2017). In spite of the federal government's huge commitment, the IAIPs are expected to be owned, regulated, implemented and overseen by regional governments, through a Regional Industrial Park Corporation, to which the central government has handed the burden of «making out business from the parks».¹³³ The cornerstones for the construction of the four IAIPs were laid between February and March 2017.¹³⁴ They are expected to be completed within four years, to create 600,000 job opportunities, and to generate around USD 2.22 billion annually.¹³⁵

The IAIPs are expected to be served by a surrounding belt of raw material suppliers, including smallholder farmers, pastors and large-scale commercial farmers. Contractual agreements between local producers and processing firms are planned to be drawn up, with the aim of ensuring the supply of fixed amounts of quality products, and as a sort of market guarantee for the producers.¹³⁶ Various stages and types of intermediary structures between the IAIPs and raw material suppliers have been created, in order to provide adequate market information and services to small-scale producers, to collect produced goods and channel them to the processing plants. Farmers organizations such as producers cooperatives, organized at *kebele* level, are expected to play a vital role in commodity consolidation, issuing contracts, collecting commodities and establishing quality control systems. At the same time, extension agents will continue to help farmers to adopt new technologies, apply improved inputs and scale up optimum production methods; as declared by the State Minister of Agriculture and Natural Resources, Ethiopia has the highest extension worker/farmer ratio in the world.¹³⁷

After cooperatives – whose importance has been underlined also by a FAO's Agribusiness Officer I interviewed in Addis Abeba,¹³⁸ - the master plans foresee the establishment of Rural Transformation Centres (RTCs). RTCs are geographic infrastructures and service clusters through which farmers and farmers groups receive agricultural inputs and deliver their produce. RTCs will be in charge of providing: training and capacity building for rural populations; information on market prices, trends and demand; and other agriculture support services. Moreover, these will also collect and store the products and may perform primary processing activities before transferring them to the IAIPs (UNIDO 2016a). In the four pilot master plans, 28 RTCs have been planned in strategic areas surrounding the IAIP and

¹³³ - Mebrahtu Meles, *op. cit.*

¹³⁴ - UNIDO, *Ethiopia Inaugurates Integrated Agro-Industrial Park as Part of the Programme for Country Partnership*, United Nations Industrial Development Organization, 15 March 2017.

¹³⁵ - Alazar Shiferaw, *Ethiopia: Integrated Agro-Industrial Parks for Economic Transformation*, "The Ethiopian Herald", 18 February 2017: <http://allafrica.com/stories/201702180279.html>

¹³⁶ - As declared by the State Minister, Ministry of Agriculture and Natural Resources, Wondirad Mandefro, *Speaking at UNIDO Investment Forum in Addis Ababa*, The First International Agro-Industry Investment Forum Ethiopia, 5-7 October 2016, Addis Ababa, Session 2: Integrated Agro-Industrial Parks and Rural Industrialization.

¹³⁷ - Wondirad Mandefro, *op. cit.*

¹³⁸ - FAO is a primary collaborator of the GoE for the creation of IAIPs. Interview with Filippo Brasesco, Agribusiness Officer at FAO Ethiopia, 7 July 2016, Addis Ababa.

are considered as functional parts of the initiative (UNIDO 2016a); producers' cooperatives, however, are not part of the programme and their involvement in these value chains is delegated to local administrations.

The realization of huge nationwide industrial clusters is one of the main pathways undertaken at present by the GoE toward industrialization, namely, towards the transfer of resources from agriculture to industry. The agricultural sector is indeed expected to decrease its share of the GDP, to supply the necessary cheap labour force to the industrial clusters, and to lose arable land by handing it over to higher-value added productive processes and their required facilities and infrastructural methods. But, with the integration of agriculture and industry in the same transformational agenda represented by the IAIPs initiative, the smallholding peasantry is expected to keep its fundamental role in fueling the transition by supplying raw materials, and not just by being squeezed out of agriculture through taxation and displacement. Taking the cue from the successful model of East Asian countries (Francks *et al.* 1999), the small-scale family-farm remains the basic agricultural production unit, to be boosted by rapid technological advancement (a sort of African green revolution) and a village-level cooperative and association system. This is not to neglect the fact that large-scale commercial agricultural schemes are promoted and welcomed in the Ethiopian context. But in public speeches, policy papers and spending budget allocations as well, the small-scale farming sector, and peasants in general, conserve their prominent role in the economy and the political scenario.

3.2.2. *Agricultural Commercialization Clusters*

If what has been pointed out at the end of the previous section is certainly true – that the smallholder farming sector holds a major role in the industrialization process – it must also be said that the strategy followed to improve peasant sub-sector productivity and marketability, is creating opportunities for a radical change in its core structure. This is to actually say that, through the application of the cluster-based approach within these strategies, smallholder farmers may undergo a transformation in their production and reproduction relations. As the analysis of the South Wollo case will explore, these changes are predominantly featured by the top-down, output-oriented and control-biased characters of the political practice carried out by the numerous local administration structures, and may lead to capital expropriation, a bad attitude towards work, vulnerability, dependence, off-farm activity reduction, and other negative consequences.

In order for the IAIPs to operate, it will be necessary to have a stable inflow of raw materials from the surrounding “growing areas” to the processing plants. As claimed by the State Minister of the MoANR, despite the availability of 16-17 million hectares of potentially suitable land for large-scale commercial

farming, these schemes are not properly developed yet, because they lack capital and investments.¹³⁹ For this reason, the vast majority of raw materials for the IAIPs is expected to come from smallholder farmers, who still make up 95% of the country's total agricultural production (ATA 2016). Therefore, the sector's transformation as envisaged by the ATA and the MoANR, and discussed in previous sections of this work, is directly connected to the outcome of the IAIPs; and particular emphasis is given to the ACC initiative, which is linked directly to the IAIPs, since it can ensure the selected commodity supply, through contractual agreements that guarantee quality standards for buyers (processors) and markets for sellers (farmers).¹⁴⁰ As reported by a Senior Expert in the Agricultural Extension Directorate at the MoANR, 86% of the total 239 *woreda* selected by the ACC in the 2015-16 period, are also part of the IAIPs; and the overlap is reportedly expected to be reached soon.¹⁴¹

The ACC is part of the broad transformational agenda designed by the GoE and its development partners for the agricultural sector, and it is being discussed here because it makes up the main federal policy for clustering in agriculture, currently being implemented in Ethiopia. The ACC was launched as an "Anchor Initiative" in the last year of the GTP I (2014/15), by ATA, aimed at integrating the four pillars of the second phase of the Transformation Agenda – increasing crop and livestock production and productivity; environmentally sustainable and inclusive growth; commercial orientation of smallholder agriculture and market development; enhancing implementation capacity - in specific strategic locations and commodity value chains (ATA 2017). Accordingly, the ACC initiative aims to accelerate the development of priority agricultural commodity value chains through a geographically-focused approach envisioned to: commercialize smallholder agriculture, increase farmer incomes, improve access to domestic and international markets, increase agro-processing and value-addition, to create off-farm employment opportunities.¹⁴²

The ACC initiative gathers inspiration from several geographically-focused approaches used to drive economic growth and structural transformation in East Asian countries during the second half of the last century, and from more recent agro-based cluster experiences in other parts of the world. The National Framework for ACC refers specifically to special economic zones, free trade zones and export processing zones created in Hong Kong, Singapore, Taiwan, the Republic of Korea, China Indonesia and Philippines since the 1950s; as well as to successful cluster-based value chain approaches performed for green beans and avocado crops in Kenya, to staple crop processing zones implemented in Nigeria, and to fruit clusters created in Brazil, Chile and Mexico.¹⁴³ As already discussed in the first chapter,

¹³⁹ - Wondirad Mandefro, *op. cit.*

¹⁴⁰ - Wondirad Mandefro, *op. cit.*

¹⁴¹ - Interview with Abrham Mulatu, Senior Expert in Agricultural Extension Directorate, Ministry of Agriculture and Natural Resources, 9 August 2016, Addis Ababa.

¹⁴² - ATA, *National Framework for Agriculture Commercialization Clusters in Ethiopia. Concept, Vision, Strategic Interventions and Implementation Framework*, Ethiopian Agricultural Transformation Agency, unpublished draft.

¹⁴³ - *Ibid.*

lately agro-based cluster approaches have been expanding at a rapid pace in developing countries, as a consequence (and deciding factor) of global changes in trade and production relations. Since the 1990s, indeed, geographically-focused special trade policies, fiscal regimes and service-providing public interventions have been implemented to exploit and enhance the comparative advantage of developing economies, usually associated to abundant and cheap labour, easy natural resource exploitability, scarce domestic competition and favourable currency exchange (Zeng 2008). In line with these trends, in accordance with its trade and production internationalization path, and with its goal to become a global competitor in agro-based exports and light manufacturing in the next ten years, Ethiopia has developed geographically-focused approaches to enhance agricultural commodity value chains.

Geographically-focused initiatives for rural and agricultural development were already implemented in the PASDEP and the GTP I strategic frameworks, to enhance the specific comparative advantages of agro-ecological zones or to fulfill particular needs.¹⁴⁴ In spite of significant achievements in terms of farming outputs, none of these have addressed the issues of linkages to market and industry from a comprehensive value-addition perspective. Instead, the ACC is actually intended to support agricultural clusters through a value-chain approach that focuses on clear linkages between (and integration of) inputs, production, aggregation, processing and value addition, and consumption. In addition to acting on production, productivity and market linkages, the ACC will also include small- to large-scale actions to promote agro-processing and value addition in selected locations, in coordination with the industrial development regional branches.¹⁴⁵ As a result, being agriculture the means of integration of the whole Transformation Agenda, and promoting the coordination with IAIPs and other agro-industrial solutions, the ACC is a very ambitious initiative that surpasses the previous sector-specific experiences, and might be seen as the GoE's leading strategy for its present and forthcoming pathway towards the middle-income country status.

According to the ACC framework, and as confirmed also by Zegeye Teklu, clusters need to be commodity-based and market oriented, and to be established where there are the highest growth prospects. The rationale is to focus on high potential commodities and areas where surplus production is already present, or where there is the possibility to increase this surplus and boost value addition. The ACC has also a special significance for exports since, as he underlined, it allows for more productivity, better quality and traceability of the commodities, and more domestic value addition, which in turn mean an increase in revenues coming from export. The selection process – performed jointly by federal and regional agriculture offices, NGOs and major private sector actors (ATA 2016) - starts with the

¹⁴⁴ - For example: the Pastoral Communities Development Program, the Economic Growth Corridors, the FSP initiatives aimed at boosting food insecure *woreda*, the Sustainable Land and Watershed Management, the AGP and various bilateral development partner projects conducted on high-value crops in high potential areas. See ATA, *op. cit.*

¹⁴⁵ - *Ibid.*

identification of the commodity, evaluating its production potential, marketability for export or import substitution, and value addition potential;¹⁴⁶ other criteria included in the draft of the National Framework for ACC concerned domestic market potential, smallholder farmers coverage and domestic market opportunity.¹⁴⁷ Subsequently, the cluster's location is decided based on the area's production potential and natural resource availability; cluster's size is supposed to vary between 5 and 15 *woreda*. Once they are picked out, clusters are prioritized according to their current and potential production levels, value addition capacity, access to markets and ongoing parallel initiatives. Each cluster is expected to have one primary commodity, and one or two additional rotation crops.¹⁴⁸ The number of selected clusters and commodities vary from one policy paper to another: the unpublished draft of the National Framework for Agriculture Commercialization Clusters in Ethiopia announced that 21 clusters and 12 commodity types had been chosen,¹⁴⁹ and this information was confirmed by Zegeye Teklu in July 2016.¹⁵⁰ The 2011-15 Progress Report announced the designation of 31 and that an additional 16 were in the works for interventions during 2015 (ATA 2016). The most recent official paper reported that 26 clusters and 10 commodities had been selected,¹⁵¹ but since a federal strategy has been issued for only 7 commodities, just 14 clusters are being implemented (ATA 2017).

Nine clusters over 114 *woreda* and ten commodities have been picked out in the Oromia Region, amounting to a targeted total of 4.6 million hectares and 1.3 million farmers. In 2015-16, five clusters and commodities were given top priority: the maize cluster in the Horro Guduru Wellega, East Wellega, and West Shewa areas; the malt barley cluster in the Arsi and West Arsi areas; the bread wheat cluster in the Arsi, West Arsi and Bale areas; the durum wheat cluster in the Bale area; the teff cluster in the West Shewa, East Shewa (where the Bulbula Park is located), South West Shewa areas (ATA 2017). Out of a total of 739,727 ha of land that had been allocated to these five clusters, 134,235 ha is the actual surface that they occupy, as reported by the MoANR in August 2016.¹⁵² Operations concern mainly: an increased adoption of improved inputs and access to credit, linkages with agro-industries, building agro-processing capacity in local factories and strengthening farming contract agreements between farmers and buyers. Primary cooperatives and unions are appointed a major role in collecting production, raw material storage, increasing their agro-processing capacity or linking farmers with industries, finding market opportunities. Huge expectations surround the potentiality of these clusters, in terms of production, productivity, share of marketed products, agro-processing capacity, farmer use of

¹⁴⁶ - Interview with Zegeye Teklu, Agribusiness Market Linkage Manager at ATA, 13 July 2016, Addis Ababa.

¹⁴⁷ - ATA, *op. cit.*

¹⁴⁸ - *Ibid.*

¹⁴⁹ - *Ibid.*

¹⁵⁰ - Interview with Zegeye Teklu.

¹⁵¹ - Confirmed also during a recent interview to Zegeye Teklu reported in Alazar Shiferaw, *Ethiopia: Smart Interventions to Transform Agriculture Sector*, "The Ethiopian Herald", 4 July 2017: <http://allafrica.com/stories/201707040718.html>

¹⁵² - Interview with Abrham Mulatu.

recommended inputs, and revenue from export growth (ATA 2017). Oromia apparently reported the highest results for the period: the clusters supplied around 700,000 qt of crops (durum wheat and malt barley) to agro-industries such as the Asela Malt Factory; 800,000 qt of bread wheat have been channelled to the EGTE through unions; five unions delivered 130,000 qt of maize grain to the WFP, the Mama Injera and Consumer Association in Addis Ababa, and other buyers through contractual agreements (ATA 2017).

Similar objectives and operations have been planned for the promotion of agro-based clusters in Amhara, Tigray and SNNP Regions. In the Amhara Region, 16 clusters have been planned over 128 *woreda*, but 6 of them have been prioritized for ATA support, based on 7 commodities: the sesame cluster in North Gondar and Awi Zones, mainly to boost the processed good export share; the maize cluster in the West Gojam, South Gondar and Awi areas, designed mainly to increase domestic sales and processing industries for import substitutions; the bread wheat cluster and the tef cluster in the West Gojam and East Gojam areas, to supply the Bure Agro-Industrial Park and to increase processed good domestic sales through unions and cooperatives; the malt barley cluster in the North Shewa area established mainly to supply the Gondar Malt Factory (ATA 2017). Out of the total 1.2 million hectares allocated to cluster occupation, the actual coverage reported in 2015-16 was around 782,000 hectares.¹⁵³ The eventual target set by the ATA (2017) for the Amhara ACC, encompasses 1.2 million farmers over 5.3 million hectares. Similarly, in the SNNPR, 6 clusters with 5 commodities were prioritized for the GTP II, but only two were started in the 2015-16 period: the bread wheat cluster in the Silte, Hadiya, Kembata Tembaro, and Gurage areas; the haricot beans one in the Sidama (where the Yirgalem Park is located), Gamo Gofa, Wolaita and Halaba areas. Clusters in the SNNPR are designed to target 1.3 million farmers over 3 million hectares; according to the MoANR office, the two clusters created up to 2016 covered 57,000 ha of land.¹⁵⁴ In the Tigray Region, bread wheat, sesame and teff have been prioritized for the 2015-16 period: the first cluster lies in the Eastern, Southern and South-Eastern areas; the second in the Western and North-Western areas (Beaker Park will be built in the Western area); the third in the Central and North-Western areas. Out of a total targeted coverage of 4.5 million hectares and 712,000 farmers (including future expansions into horticulture, beef, honey and dairy), clusters' actual occupation in Tigray, as of August 2016, was 319,624 hectares.¹⁵⁵

Almost 1.3 million hectares have already been occupied by the first lot of ATA-supported pilot clusters, in the four main regions. While the ATA designed and planned the ACC, the implementation has been in the hands of the MoANR, the Ministry of Livestock and Fisheries, the Ministry of Industry, the Ministry of Finance and Trade and FCA, and their respective regional and sub-regional offices, as well

¹⁵³ - *Ibid.*

¹⁵⁴ - *Ibid.*

¹⁵⁵ - *Ibid.*

as the MFIs, the Commercial Bank of Ethiopia and various research institutes.¹⁵⁶ The ACC clusters designed by the ATA are indeed supposed to be scaled up by government offices after the first stage will be completed. Hence, the clusters indicated above are the ones that have been selected and prioritized by the regional and federal institutions involved (in collaboration with the ATA) because of their surplus potential, to boost the diffusion of the cluster approach to agricultural development downward, through the various administrative levels. But, as the Ministry officer pointed out in the interview, which was confirmed by the ATA Report for 2015-16, and revealed also by the fieldwork conducted in South Wollo, the MoANR and Ministry of Livestock and Fisheries are negotiating with their regional partners to implement the cluster concept nationwide. The regions are already selecting commodities and *woreda* that are suitable for cluster-based approaches, to plan their interventions in farming service delivery and value addition.¹⁵⁷ «Outside of the work led by the ATA for these clusters, the [Amhara] regional government is utilizing the cluster approach across the region» (ATA 2017: 106). The cluster approach is therefore supposedly expanding throughout the country, as a tool for promoting agro-based value chains. The initiative is expected to integrate the different agricultural development operations performed for the smallholder farming community, and to generate externalities and revenue growth through inter-sectoral linkages. However, according to the interviews done with key informants, integration with both the AGP and the IAIPs is not pursued at the present stage. Regarding the AGP, Zegeye Taklu observed with disapproval that, despite official papers, it has no «cluster thought» and it is not contributing to the creation of agro-based corridors nor value chain promotion. Concerning the IAIPs, the representatives of the UNIDO and the Agenzia Italiana per la Cooperazione allo Sviluppo claimed that the collaboration with and between governmental and non-governmental agencies for development of the agricultural and industrial branches is not easy.¹⁵⁸ On the one side, the entities involved in the IAIPs promotion (including the Ministry of Industry, the UNIDO, the Agenzia Italiana per la Cooperazione allo Sviluppo, the FAO) complain about a too limited financial budget being allocated to industrial development by the GoE. On the agricultural side, the establishment of the ATA by Meles has created a power dispute with the former MoARD which continues at present (with the MoANR), thus jeopardizing the success of rural and agricultural development policies. This embattled environment is characterizing the initial phases of the ACC initiative implementation and the broader application of cluster-based and value chain approaches to agricultural development at regional, zonal, and *woreda* levels.

¹⁵⁶ - Interview with Zegeye Teklu.

¹⁵⁷ - Interview with Abrham Mulatu.

¹⁵⁸ - Interviews with Chiara Scaraggi and Filippo Archi.

CHAPTER FOUR - CLUSTERING IN AGRICULTURE, EVIDENCES FROM SOUTH WOLLO ZONE

The fieldwork conducted in South Wollo between July and September 2016 was intended to explore the implementation process of the cluster-based approach to agricultural development, as embedded in the broader purpose of this work is to outline the major traits of the contemporary pathway to agrarian transition undertaken by the GoE. The presentation of the evolution of the political economy and agricultural policy approach since the early 1990s, has defined some of the most relevant policy decisions, as embedded in the national developmental state project and in the evolution of Ethiopia's international position. The presentation has highlighted how the transitional narrative of the first decade, and the developmental plan carried forward since the early 2000s, brought the solution of the agrarian question to the centre of the political and economic agenda. Smallholding farmers represent the political core of the TPLF-led ruling coalition and they were at the centre of the ADLI strategy envisioned to generate equal economic growth and a drastic poverty reduction. Also in this decade, in spite of a significant diversification of the national economy, and the promotion of a large-scale commercial farming sub-sector, small-scale farmers still represent the agricultural sector's as well as the whole economy's backbone. Moreover, in the current setting of an expanding economy, the agricultural sector (and consequently the smallholding farmers sub-sector) is expected to foster the structural transformation envisioned by the GTP I and II, and to contribute to turn Ethiopia into one of the top global light manufacturing countries. The clustering approach is seemingly expanding its incidence in the development agenda, as a major means to bring about the economy's transformation. Based on the model of some successful cases in other countries, - in agriculture as well as in the manufacturing industry - the agglomeration of producers, retailers, traders, service provider facilities, research institutes and financial institutions in integrated value chains is considered nowadays the leading strategy to: promote the country's comparative advantage, improve public investment distribution, to attract foreign capital, to create value addition, and to promote a sustainable and inclusive economic growth. Given the very few researches on the topic, the fieldwork provides some unprecedented and useful insight into the implementation of the cluster approach in rural Ethiopia.

Consequently the research on agricultural clusters in South Wollo constitutes a valid tool for the analysis of the ongoing structural transformation process being performed in one of the currently most successful developing economies. Accordingly, by studying the patterns of rural politics and agricultural development practices, the fieldwork will stimulate further some hypothesises on how the contemporary focus on agrarian issues is framed by the peasant-state relationship in the developmental Ethiopia. The last section of this chapter will analyse further the understanding by historicizing this relationship and pinpointing continuities and changes with the past.

1. *Methodology*

The following discussion is based on the fieldwork I conducted between July and September 2016. As already stated, the main objective of the fieldwork was to gather major information on the status of the cluster-based approach to rural and agricultural development, to observe some patterns of implementation, and to understand them on the basis of the long-term perspective of agrarian change mechanisms and peasant-state relationship. Dealing with a very recent policy which has not yet been the object of empirical research, the fieldwork methodology was tailored to gather a comprehensive overview of the phenomenon through qualitative and quantitative data collection and analysis, which may allow some broad considerations about the research topics.

At first, the fieldwork was primarily intended to investigate the presence of cluster-based initiatives in agriculture in the area, their relevance in the context, the leading objectives and some specific elements regarding: the selection process, the role of model farmers and cooperatives, and the level of allegiance to the initiative gathered from the farmers involved. Thanks to the affiliation with the Wollo University, several meetings had been arranged with the Zone Office of Agriculture and Rural Development in Dessie, where interviews and semi-structured questionnaires have been issued to officials. Ato Sitot, the person in charge of logistical and administrative facilitation during my stay at the Wollo University, helped me to arrange those meetings and often worked as translator in this first stage of the fieldwork. In addition, the daily exchange with researchers and lecturers at Wollo University have been also useful to investigate the ways in which a research institute is involved in the implementation of rural and agricultural development initiatives, and if this involvement is adopting a cluster-based approach. A third important contribution came from the exchange with some members of the US Peace Corps that were deployed in various *woreda* of South Wollo, from whom I had the chance to collect information, data and impressions about clustering in the zone.

Subsequently, 4 *woreda* and 10 *kebele* were selected to carry out an in depth analysis and to interview the farmers involved in the cluster initiatives: Abaso Qotu in Dessie Zuria; Wodajo, Addis Mender and Takake in Qalu; Gobeya, Wohilo, Jari and Hitacha in Tahuladere; Adarash and Segno Gobeya in Were Ilu. These were chosen based on three main factors: the relevance of cluster-based initiatives in the area; the accessibility to large market opportunities offered by the proximity to the main road (Addis Ababa – Mekelle); the logistical approachability. Again, at first, the main objective was to investigate the extent of clustering in the *woreda*, the main targets of the programmes, and some specificities concerning the implementation process. For these purposes, the research was conducted through questionnaires and semi-structured interviews with local government officials and development agents. Secondly, the attention was focused on exploring “farmers’ perspective” on clustering through individual semi-structured interviews and focus group discussions conducted with 95 farming household heads.

As explicitly stated by the Head of the Zone Office of Agriculture, and repeatedly asserted by Ato Sitot and the two translators with whom I collaborated, interviews with farmers had to be arranged through the DAs. Consequently, the DAs were informed some days before our arrival and were asked to gather 10 farmers with different economic status, who had been participating in clustering activities. It is undeniable that the DAs were given total decision power in the selection of the farmers, and this fact needs to be taken into consideration when examining the results of the interviews. On one side, this fact did not allow to have a representative sample of the population, which in any case was not pursued, given the small number of farmers selected for each *kebele*. On the other side, it is worth underlining that arranging meetings through the DAs allowed me to interview a reasonably large number of farmers which would not have been possible otherwise, and to investigate in greater depth some crucial issues which emerged during the interviews.

Moreover, in order to limit the potential distortive effects of this unavoidable premise, the selection and training of the translators was given utmost priority prior to the interviews with the farmers. The first translator, Getachew, was a lecturer at the Wollo University College of Agriculture, with remarkable experience in academic fieldwork on agrarian disciplines and therefore very used to deal and talk with farmers in South Wollo. The second translator, Fisseha, with whom I conducted the largest part of the farmer interviews, was a Master student at the Addis Ababa University Faculty of Psychology, with previous experiences in field research with peasants, and with a remarkable knowledge of the South Wollo Zone, his motherland. Before starting the interviews, some intensive work was done with both translators to share the objectives of the fieldwork and adjust the list of questions according to specific circumstances. Moreover, at the end of each day we reviewed together the farmers' answers, in order to have their precise translation.

In most cases, the interviews and focus group discussions were performed near the *kebele* offices, where selected farmers were asked to gather. The DAs and local government representatives were asked not to attend the meetings so that they would not influence the results; most of them were reticent but then accepted, showing a widespread suspicious attitude towards my research topics. I noticed also a diffuse inclination to demand payment for their (unrequested) contribution. In some cases, it has been possible to interview farmers directly on their farmland, during their farming activities (during weeding time, a very repetitive and static work which allowed my translator and me to follow them on the field), to avoid having them waste any time and to get a more real picture. In these cases, I selected the farmers based on their presence in the field and their collaborative attitude.

The field research methodology was carefully designed during the research period I spent at the Department of Social Anthropology of the Norwegian University of Science and Technology, when I had the opportunity to collaborate with Professor Ege and Aspen. During the fieldwork I encountered important challenges related to VISA extension and the high political instability of the country which hampered telecommunications and travels. Also, it is worth mentioning that some local government

representatives and development agents were reluctant to be interviewed, and some did not attend the arranged meetings or did not provide the requested data, even after having been showed the research permits, duly signed by the competent federal or local office. In spite of all the problems encountered, thanks to the support received by the Wollo University, a relatively detailed and consistent amount of information has been gathered. The findings demonstrate the relevance of the phenomenon in the surveyed area, allow for a relatively complete comprehension of the topic's main elements, and foster some generalized considerations on the trajectory of rural and agrarian transformation in contemporary Ethiopia.

2. *Clustering in South Wollo*

South Wollo Zone was selected as the location where the fieldwork was to be carried out for four main reasons. First, because South Wollo is a poor and drought-prone zone, with generally low potentialities for agricultural production, and where the potential for agriculture commercialization is extremely limited. The area has reportedly been hit several times by harsh droughts in the second half of the last century. The most dramatic drought-related famines were registered in 1966, 1972-74 and 1983-84; scarce rainfalls, in addition to inefficient early warning and disaster risk management systems, politicized distribution of food aid, food price volatility and cattle loss, all contributed to the events which had dramatic consequences.¹⁵⁹ Scarce rainfalls have caused famines in South Wollo also during the 1990s¹⁶⁰ and up to nowadays, urging food aid measures to be taken to prevent disasters.¹⁶¹ Recent studies have revealed that total rainfall in the short rainy season (*belg*) has drastically diminished since the 1980s (Rosell, Holmer 2007), and worsened after 1996: data collected in Kombolcha and Hyke revealed that between 1997 and 2012, the number of rainy days have decreased, rainfall has become more scarce, and total *belg* rainfall declined by 90 mm, equal to 25-30% of annual *belg* rainfalls (Rosell, Holmer 2015). In addition, between 1957 and 2010, average temperatures have increased by 2° C, reducing water availability (Rosell 2014). These factors have drastic consequences on agriculture in South Wollo Zone: teff, which constitutes a major crop in the zone, requires at least 400 mm of rainfall and an average temperature of 15-21° C during its 90-day growth period (Rosell, Holmer 2015), and the increased variability and unpredictability of the *belg* season has devastating effects on its yields (Cafer *et al.* 2015). The problem is made worse by the limited expansion and capacity of irrigation schemes in

¹⁵⁹ - In 1972-74, a quarter of a million people between Tigray and Wollo provinces reportedly starved to death, while livestock loss was estimated at 50% (Graham *et al.* 2013: 258).

¹⁶⁰ - For more detailed information see Graham *et al.* (2013), Devereux, Sharp (2006) and Spiess H., *Situation Report of South Wollo Zone (Region 3), (21-26 March, 1994)*, United Nations Development Programme, Emergencies Unit For Ethiopia, Addis Ababa, 30 March 1994.

¹⁶¹ - See WFP, *Ethiopia Food Security Outlook. June 2016 to January 2017*, Famine Early Warning Systems Network, World Food Programme, 6 February 2017.

the area: in line with the rest of the country, in 2015/16 only 1.35% of the zone's crop land was irrigated, consistent with 1.49% of the Amhara Region, and 1.25% at federal level (CSA 2016c); thus most of the smallholder farming is rainfed. Furthermore, due to intensive farm land exploitation and to inappropriate land management and conservation practices, the South Wollo soil has a very low organic content and is subject to erosion: gullying is common in the highland areas, and wind erosion in the lowlands (Rosell 2014). Due to all these agroecological factors, agricultural production in South Wollo is very limited and rarely surpasses the subsistence level. The implementation of the clustering project in the South Wollo context provides some interesting insights on the complicated and dual role given to the agricultural sector in the development pathway created by the GoE: on one side being directed to fuel the transformation of the economy through agro-industrial value addition and export-orientation, on the other being associated to food security and poverty reduction challenges. It is therefore relevant to the overall objective of this work, consistent with the definition of the country's trajectory of agrarian transformation, to observe the way that agricultural commercialization is promoted through clusters created on the ACC's model, and to explore how this relates to peasant resilience and coping mechanisms.

A second reason for selecting South Wollo Zone for the fieldwork is its representativeness of the major production patterns and obstacles which can be found in agriculture in a large part of the Ethiopian highlands.¹⁶² Smallholder farming is prominently the most diffused farming system of the zone, and of the country: 94.9% of holders in South Wollo cultivate less than 2 ha of land, the same indicator marks 83.2% in the Amhara Region and 85.7% nationwide (CSA 2016b). For the most part, farming patterns are non-mechanized, low performing and with low rates of technology adoption. Improved input adoption is limited: fertilizers (DAP and urea) are spread on 18% of total national cultivated areas, and on 36.2% in South Wollo; instead, improved seeds are sown on 7.7% of the country's crop land, but only on 3.6% of South Wollo's land (CSA 2016c). Land is scarce, especially in the highlands: an Ethiopian household cultivates an average 0.88 ha, and in South Wollo only 0.69 ha (CSA 2016b); more detailed data about land use, and comparisons between South Wollo, Amhara and Ethiopia, are found in table 5 in appendix B. Agricultural production is challenged by low capital investments: both

¹⁶² - The WB included South Wollo among the low potential and high risk Eastern highlands of Ethiopia, on the basis of common conditions such as land endowment, rainfall variability, labour availability and general reliability of the agricultural sector. In terms of these conditions, South Wollo is comparable to other northern, central and southern highlands, which are located along the Rift Valley, including: eastern, central and southern zones of the Tigray, Weg Hemra, North Wollo, Oromia zones of the Amhara Region, Western and Eastern Hararge in Oromia Region, and Gurage and Sidama in the SNNPR (WB 2004). This classification is not taken here as a criterion for a simple generalization of this study's results: that group of zones does not constitute the applicability range for these results. But, the conclusions and considerations that will be put forward in the next sections, will definitely provide some new and useful insights into the agricultural clustering initiative, that are expected to provide awareness and knowledge on some aspects of the implementation process. Some of the surveyed dynamics are expected to be found also in other contexts, but this inference is not being focused on here: their application in different contexts is yet to be proven with empirical evidences.

nationally and locally money shortage and failure to pay back loans were recently reported as the main causes for not using extension packages and credit services (CSA 2016c). In addition, population growth means surplus labour availability, increasing landlessness rates and fostering migrations towards major towns that are unable to absorb the inflow: in 2013 unemployed and economically inactive people accounted for 52.2% of the total population over ten years old in Kombolcha, 50.5% in Dessie and 50.4% for all Ethiopia's major towns (CSA 2014); in 2016 the same indicator measured 52.9% in Dessie and 48.9% at aggregate level (CSA 2016d).¹⁶³ South Wollo may therefore be considered as a monitor for Ethiopia's main agricultural patterns and obstacles, given its particularly unfavourable conditions. Land scarcity, low capital investment and labour abundance are indeed the most common conditions that agricultural development initiatives have to deal with in the Ethiopian highland context. The study of the implementation of agricultural clusters in the South Wollo context may therefore suggest some generalizations and some considerations with a broader applicability.

Thirdly, historically, Wollo people have demonstrated a deep attachment to the land, and a strong opposition to agrarian reforms, which may be replicated in the current clustering policy. South Wollo is characterized by a high population density¹⁶⁴ and a topography consisting of steep slopes that hamper cultivations and other agricultural-related activities.¹⁶⁵ These factors contribute to determine the abovementioned land scarcity and increase the importance of land as a livelihood asset. In line with Lund, Boone (2013) and many other studies on agrarian change that pointed out that land in Africa takes on a connotation which goes beyond the direct link with food security and economic status, Dessalegn (2008b) stated that, historically, the land issue is of utmost importance in Wollo. Landlessness was an issue already in the 1960s, when, according to estimates, it affected around 14% of the rural population: land scarcity and poor agricultural productivity were indeed among the main reasons for outbound migrations from the Wollo province during the Imperial period. The attachment of Wollo people to this scarce asset has been demonstrated throughout the decades, in their opposition to land and agrarian reforms which destabilized the pattern of land ownership and accessibility. Dessalegn (2008b) reports that violent revolts were caused in 1967 by the introduction of a tax on rental income. The new fiscal system intended to transfer part of the tax burden suffered by tenants to landowners; but the new land and production measurement system introduced, and the constant arbitrariness which characterized

¹⁶³ - The aggregate measure for Ethiopian major towns was 50.4% (2013). Reasons for being economically inactive include: home maker, pregnancy, student, disabled, illness, too young, old age, retired, remittance and other. Unemployment rates alone measured 22.1 and 22.6 percent in Dessie (2013 and 2016), 26.4 percent in Kombolcha (2013), 21.3 and 19.2 for Ethiopia's major towns (2013 and 2016) (CSA 2014, 2016d).

¹⁶⁴ - In 2013/14, South Wollo had the second highest population density of the region (168.6 person/kmsq), excluding Bahir Dar City Administration, after West Gojjam (186.1 person/kmsq), see BOFED, *Development Indicators of Amhara Region (2013/14)*, Bureau of Finance and Economic Development, Amhara National Regional State.

¹⁶⁵ - South Wollo is among the firsts zones of the Amhara Region according to the slope classification: 77% of its land is classified above 8%, 47% above 16% and 13% above 32%. Highest rates are present only in Wag Himra Zone and Argoba Special Woreda (BoFED 2014).

landowner-tenant relations, caused widespread discontent in both parties. Uprisings broke out in the province, and by the end of 1969, much of rural Wollo was in a state of turmoil (Dessalegn 2008b). A few years later, the implementation of the 1975 land reform largely overturned land ownership relations, leading once again to violent revolts. A diverse group of local gentries who refused a rude army's take over in governmental posts, joined the opposition to the land reform led by former feudal title holders, and led to widespread armed conflicts which became particularly brutal in Wollo; many insurgent opposition fronts arose in the area, including the TPLF (Dessalegn 2008b). Also recently land was a conflict issue in Wollo, when the certification and redistribution policies implemented by the EPRDF's local representatives have reportedly generated numerous disputes over land accessibility, it has undermined the legitimacy of the regime for those who were not included among the privileged *ch'equun geberé* (oppressed farmers) (Ege 1997), and eventually confirmed the authoritarian approach to rural politics seen in previous regimes (Dessalegn 2008b). Inasmuch as the creation of government-led clusters may transform the peasant-land relationship, the study on the agricultural cluster implementation in the zone is particularly relevant given the special attachment to the land demonstrated by the Wollo people over the decades. Thus the way this transformation will be carried out, the shape it will take, and the response that the peasants will give are relevant issues to be analysed in the area, and to be included in this work as part of its overall objectives.

Lastly, South Wollo was selected also because of Wollo University's presence in Dessie, the zone's capital. Wollo University is a university that was founded recently and intends to become one of the top five universities in the country by 2025, in terms of quality education, research, technology transfer and community development services. In 2016, I received an affiliation with the Wollo University College of Agriculture, and during the period that I spent in Dessie I was guaranteed full access to the Dessie Campus, its libraries and its academic staff. I was provided accommodation facilities, and logistical support to foster part of my travels to the fields. During my stay, I was able to appreciate how the University, through the College of Agriculture, is involved in community development services, and research and technology transfer initiatives in many rural areas of the South Wollo Zone. These include reforestation projects and boosting awareness on the damages caused by deforestation, research on improved seeds to be applied in the zone's specific contexts, training and other forms of collaboration with development agents, distribution of improved inputs, demonstrations on new technology implementation. The participation in some of these initiatives gave me the possibility to see that: the institute collaborates with various governmental bodies for the implementation of rural and agricultural development activities in the zone;¹⁶⁶ the institute contributes significantly to the performance of the extension system by providing research outputs, practical support, and by training current and future development agents; and the cluster-based approach is applied also by the University. Both the doctrine

¹⁶⁶ - Including the zone and *woreda* bureaus of agricultural and rural development, the *kebele* officials, the development agents, the primary cooperatives and the cooperative unions.

and the model for agricultural clusters drawn up by the Ethiopian government in the ACC and other cluster-related programmes does in fact emphasize the contribution of research institutes towards the initiatives' positive outcome. Therefore, where these initiatives have been coordinated with other cluster-based activities (or else by directly adopting the model), they will be considered part of the clustering process *in toto*, and will contribute to the formulation of some broader considerations.

2.1. *The Context*

South Wollo is one of the 10 administrative zones of the Amhara Region. It is located in the eastern part of the region and is subdivided into 19 *woreda* and 4 town administrations. Out of the 547 *kebele* registered in 2010, 498 were classified as rural, and the remaining were urban.¹⁶⁷ Three of the zone's four major urban centres are located on the main road that connects Addis Ababa to Mekelle town, which crosses the zone in its eastern part: these are Dessie, Kombolcha and Hyke; Mekane Selam is the fourth town of the zone, located in Borena *woreda*, western South Wollo. Most of the population lives in rural areas: around 84.8% of a total of 3,033,604 in 2015.¹⁶⁸ Notwithstanding, urbanization continues in South Wollo, as well as on a regional and a federal level: since the last national census (2007), urban population in the zone has increased from 12% (over the total population, 2007) to 15.2% (2015); from 12.3 to 16.2 in Amhara percent, and from 16.1 to 19 percent on the federal level. At the same time, population in the zone has grown by 2.1% annually, at a similar pace as in the Amhara (1.9%), but slower than the federal average (3.3%). According to recent Regional Bureau of Finance and Economic Development (BoFED) estimates, South Wollo is the second most populated zone in the region, after North Gondar, and the second most densely populated.¹⁶⁹ In South Wollo, besides the four urban centres, population density in Qalu, Tahuladere and Albuko surpasses 200 people/kmsq.

In line with the regional average,¹⁷⁰ agriculture plays a prominent role in the South Wollo Zone's real economy: farming constitutes the main source of income for most of the population. Population growth and density, and the lack of relevant opportunities for inter-sectoral income differentiation, increase the need for an efficient and high performing agricultural sector. However, an adverse topographic endowment and very unreliable rainfall, hamper the sector's development in the zone, and retain farmers at, or even below, subsistence levels. According to official estimates regarding the *meher* season in

¹⁶⁷ - BOFED, *Annual Statistical Bulletin 2002 E.C., Geographic Information System*, Bureau of Finance and Economic Development, Amhara National Regional State.

¹⁶⁸ - This is 1 point higher than the average registered on the same year for the Amhara Region reported by regional estimates, and about 4.7 higher than the Ethiopian average estimated by WB. Data on urbanization and population growth used in the paragraph are from CSA (2007); BOFED, *Population Size of Amhara Region – 2015*, Bureau of Finance and Economic Development, Amhara National Regional State; <https://data.worldbank.org/indicator/SP.POP.TOTL?end=2015&locations=ET&start=1960>

¹⁶⁹ - BOFED, *op. cit.*

¹⁷⁰ - Estimated at 54.4% of GDP in 2010/11, see BOFED, *Development Indicators of Amhara Region (2011/12)*, Bureau of Finance and Economic Development, Amhara National Regional State.

2015/16, productivity in South Wollo has indeed performed below the federal average in all major crops cultivated in the zone, except for some kinds of pulses, oilseeds and potatoes (CSA 2016a). As for the 2015/16 *meher* season, the adversities of El Niño have definitely had a big influence on the zone's productive performance; however, even in comparison with federal and zone yields for 2010/11 (a standard year in terms of climate conditions) the latter were lower in all but sorghum, some kinds of legumes, oranges, khat and hops (CSA 2011). Comparisons between cereal production yields in South Wollo, Amhara and Ethiopia, for 2010/11 and 2015/16 are found in table 8 in appendix B.

Scarce productivity and the unpredictability of the main rainy season, together with a high plot fragmentation, and low adoption of improved inputs, vaccines, pesticides and proper storage mechanisms, compel South Wollo peasants to rely heavily on *belg* rainfalls for cultivation and animal husbandry (Little *et al.* 2006). Because of this agricultural and economic vulnerability, both chronic and transitory food insecurity are relevant issues for the zone, which has been repeatedly targeted by the FSP and other initiatives. Recent data for standard climate years (2009/10) reveals that South Wollo requested the largest amount of aid from the Amhara National Regional State Food Security Coordination and Disaster Prevention Office, compared to other zones of the Amhara Region. 332,210 people were declared in need of aid in the form of crop, pulses, oil and nutritional food; and in the same year, 794,303 more users benefited from the PSNP initiatives, equal to 31.5% of the total coverage carried out in the region.¹⁷¹ Similarly, about 35.2% of regional users who were expected to free themselves from food insecurity through community development programmes in 2013/14, were located in South Wollo. Furthermore, the number of people in need of aid and not included in safety net programmes was estimated at 232,460 for 2013/14, corresponding to 44.9% of the total estimated population in need in the region (BoFED 2014).¹⁷²

This data definitely gives a clear picture of the situation of people and agriculture in many parts of South Wollo. However, there are some intra-zone differences that must not be neglected. Differences are due mainly to the area's agroecological nature, and to the relative different agricultural potentials. The zone's topography is constituted mainly by a group of central *woreda* characterized by steep slopes and high mountains, which is surrounded by a larger number of lower average altitude districts, which become even lower in the very peripheral areas of south-western and eastern border *woreda*. Most of the area (53.5%) is indeed classified as *woine dega*, corresponding to an altitude between 1500 and 2500 metres,

¹⁷¹ - BOFED, *Annual Statistical Bulletin 2002 E.C., Agriculture*, Bureau of Finance and Economic Development, Amhara National Regional State.

¹⁷² - Based on predictions, Kebele and Community Food Security Task Forces are in charge of preparing the list of potentially vulnerable people, to be targeted by the PSNP. The lists are then transmitted to the Woreda Food Security Office, in charge of crosschecking the predictions from the kebeles with the information from the Early Warning System, and of communicating budget requests to the BoFED. This procedure is repeated every year and several times a year (Hoddinot *et al.* 2013). The perceivable differences between the two reported years are therefore not attributable to graduation (if not just marginally), but rather to the high variability of the *kebele* and *woreda* predictions, which are consistent above all with the irregular performance of agriculture.

and *dega* (36.4%), between 2500 and 3500 metres above sea level; these two agroecological zones are found in almost all South Wollo *woreda*. *Wurch*, above 3,500 metres, is found in very central *woreda* such as Legambo, Dessie Zuria and the northern part of Were Ilu, which accounts for roughly 2% of the total. *Kolla*, the agroecological zone located between 500 and 1500 metres, covers 8% of the total zone, and is found mainly in eastern *woreda* like Werebabo and Qalu, and in very peripheral parts of the southwestern *woreda* Kelela, Wegdi, Debresina, Mehal Sayint, Sayint and Mekdala.¹⁷³ The zone's most productive areas are located in the *woine dega* and *kolla* areas where soil is more fertile, rainfalls are more reliable, slopes are less steep and population density is moderate: these conditions are found mainly in southern Qalu and in western parts of Wegdi, Debresina, Sayint, Mehal Sayint, Mekdala.¹⁷⁴ Contrarily to most of the zone, these areas are more likely to obtain better results from farming, and peasants living there suffer less frequent food insecurity and have higher economic gains. The Zone Office of Agriculture did not provide any individual data on each *woreda*'s agricultural production to verify these trends, but they are confirmed by researches conducted in the area over the past 10 years.

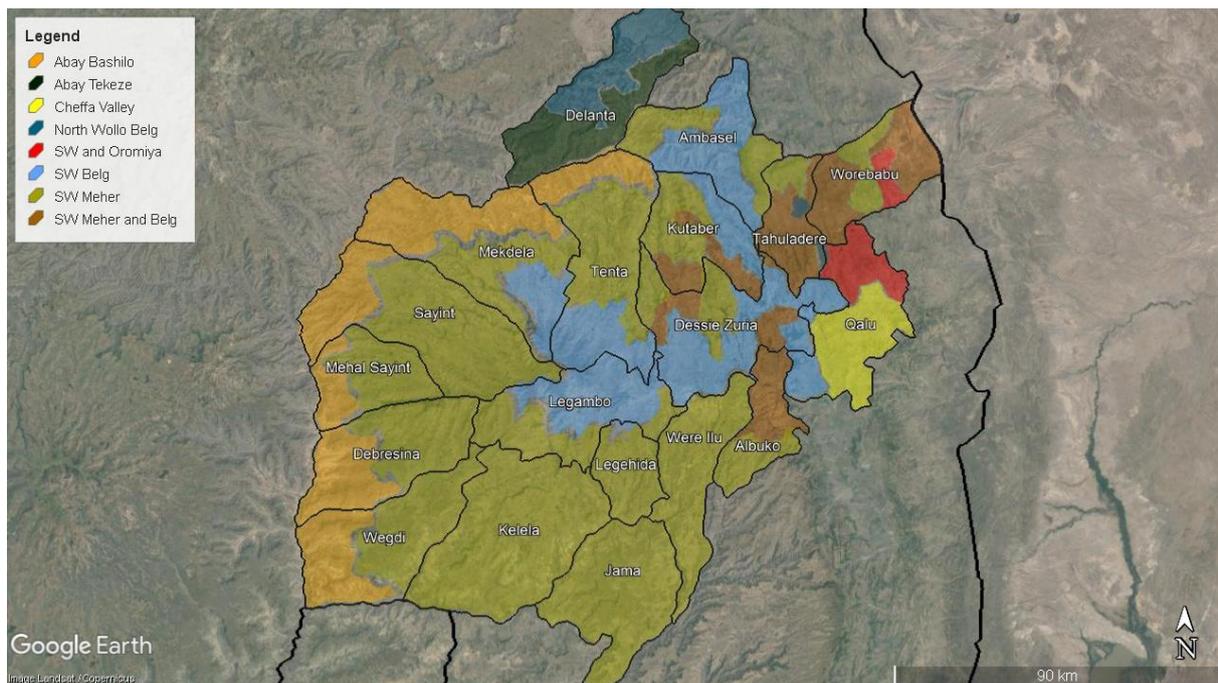
According to several researches gathered in the Household Economy Approach website – a platform created by Save the Children with the Food Economy Group's support and funding by the European Civil Protection and Humanitarian Aid Operations – South Wollo Zone is intersected by seven livelihood zones identified according to access to food, income and market patterns.¹⁷⁵

¹⁷³ - Data on the altitude distribution in South Wollo are from Ege (2004) and BOFED, *Annual Statistical Bulletin 2002 E.C., Geographic Information System*, Bureau of Finance and Economic Development, Amhara National Regional State. For more details on the definition and location of the agroecological zones on a national level see Alemayehu (2006).

¹⁷⁴ - Information gathered from personal communication with scholars at the College of Agriculture of the Wollo University, July 2016, Dessie.

¹⁷⁵ - Unless specified differently, the following data are from HEA LZ, *Household Economy Approach, Livelihood Zoning Profiles, Amhara Region, Ethiopia*, 2007.

Map 16 - South Wollo, livelihood zones. Personal elaboration, source: HEA LZ platform



The most widespread in the area is the South Wollo Meher Livelihood Zone (SW Meher): this area, where *dega* and *woine dega* agroecologies are predominant, is characterized by high deforestation, poor vegetation and low precipitation every third year. It is densely populated and crop production, almost totally rainfed, depends on the *kirmet* rainy season and is focused on wheat, teff, barley, red sorghum and legumes. The *belg* rainy season is generally less relevant here, but farmers residing at higher altitudes are forced to depend on it for subsistence; since *belg* rainfall is often erratic, these farmers are more prone to drought and famines (Kebede, Zewdu 2014). Crop production and livestock rearing constitute important food and cash sources for the more vulnerable groups of farmers: their own production accounts for 35-40 percent of total cash earnings and satisfies 40 to 60 percent of their food requirements. Soil analysis conducted in Wegdi showed that its composition is moderately to highly suitable for crop production (Motuma *et al.* 2016), however, the production of a marketable surplus is challenged even for middle and better-off farmers, who rely on non-farming sources of income for 30% of their total earnings. Similar conditions are found in the South Wollo Meher and Belg Livelihood Zone (SW Meher and Belg), characterized mainly by *woine dega* and *kolla*, where crop production follows a bimodal rainfall regime, and is composed mainly by sorghum, maize, teff, pulses and khat as cash crop. Despite generally good soil parameters for food production, soil erosion is a major issue for this zone, especially in areas cultivated with wheat and teff; furthermore, the relatively high population density causes a significant land scarcity problem (Rosell, Olvmo 2014, on Tahuladere *woreda*). Surplus production is low and concentrated among small groups of better land-endowed farmers, while poor and

very-poor farmers' performance is similar to that of the former zone, and they must rely on the PSNP for subsistence.

Scarcer livelihood assets are found in the northern part of Delanta *woreda*, which is included in the North Wollo Highland Belg Livelihood Zone (North Wollo Belg), a high plain which extends also in the North Wollo Zone. The land is hardly suitable for agriculture, since water logging and frost are frequent due to the high altitude. The crop production follows two rainy seasons, but because of the harshness of *kremt* rains, farmers rely more on the *belg* for cultivation, and therefore are highly prone to droughts. Due to these factors, there is almost no potential for surplus crop production and almost 50% of the population rely on the PSNP. Similar livelihood assets and agricultural production patterns are found in the South Wollo Belg Livelihood Zone (SW Belg), a chronically food insecure area characterized mainly by *wurch* and *dega* agroecologies. Because of natural events and human activities, the land is highly deteriorated and deforested, and the soil has a very low fertility. Heavy rains during *kremt* make the land very erodible thus peasant farmers must depend on *belg*. In addition, high population density and *belg* variability jeopardize peasant livelihoods even more. Major crops cultivated in the area include barley, faba beans, oats and lentils, which are often not enough to cover the zone's requirements. Surplus production is very marginal, and very small incomes come from crop sales, even among the wealthiest farmers.

Chronic food insecurity characterizes also very different agroecological contexts. In the South Wollo and Oromiya Eastern Lowland Livelihood Zone (SW and Oromiya), *kolla* is predominant, followed by *woine dega*, but agricultural production is extremely difficult for the most vulnerable farmers. Agriculture in the area depends mainly on *kremt* rainfalls, but irregular precipitation and rain scarcity are frequent: this is the area that has the lowest rainfall levels in the whole region; in 1994, a UNDP report indicated these areas as the most vulnerable to droughts.¹⁷⁶ Sorghum, teff and maize are the main crops cultivated in the zone, with a very limited surplus production being obtained by better-off farmers, whose wealthier condition is determined mostly by their possession of livestock.

Inverse trends are found in the rest of the South Wollo Zone: the peripheral areas in western, north-western and south-eastern *woreda*. The Abay Bashilo Livelihood Zone is a *kolla* area suitable mainly for the cultivation of sorghum, teff, maize and haricot beans, which extends along the Abay and Bashilo rivers. The area is characterized by high temperatures, sandy soil and erratic rainfall, but the river proximity and the availability of uncultivated and arable land, make the area a potential surplus zone. As for livelihood assets, crop production and livestock rearing are the major sources of income and nutrition for the group of wealthiest farmers, whose condition is attributable mainly to land and livestock endowment; contrarily, vulnerable peasants must rely mostly on safety nets for income and produce only 30% of their annual food needs. In the Abay Tekeze Livelihood Zone, *woine dega* agroecology

¹⁷⁶ - Spiess H., *op. cit.*

and moderate population density, allow for better agricultural production, generally focused on wheat, barley, teff, pulses and oil crops. Compared to the previous zone, self-oriented production covers a higher proportion of the farmers' annual food requirements; moreover, crop and livestock sales (for middle and better-off farmers), and agricultural labour (for poor and very poor farmers) lowers their reliance on safety nets. Therefore, the southern part of Qalu presents better livelihood and surplus production conditions. The area, which is part of the Cheffa Valley Livelihood Zone, is characterized by rich loam and black alluvial soil which is eroded from the highlands and deposited in this lowland area. Crop production follows a mostly reliable *kremt* and concentrates mainly on sorghum, maize, teff, mung beans (*masho*), tobacco, fruits and vegetables. The low-density population contributes to the area's food security and to generate surplus production; only a marginal group of very poor peasants need assistance from safety nets. Agricultural laborers immigrate seasonally from more vulnerable areas in Wollo and Shewa, and contribute to the creation of high incomes from crop and livestock sales, predominantly from better land- and cattle-endowed farmers.

2.2. Agricultural Clusters in South Wollo

As the previous section has pointed out, a mix of unfavourable agroecological conditions, population density, erratic rainfalls, land scarcity and low technological adoption in cultivation patterns, are associated to a particularly adverse climate for agricultural production in South Wollo, which often causes major problems in terms of food insecurity and economic poverty. The zone is mostly a food poor area, it is considered part of the Ethiopian famine belt since it is among the most famine prone areas of the country (Little *et al.* 2006), and it is being served by international food assistance and the PSNP since its introduction in 2005. As already observed, farming represents the main livelihood asset and source of income for the largest portion of the population; particularly, cereals and pulses are by far the most important crops cultivated in the area, both in terms of expansion (95.76% of all crop land) and total production (95.27% of total crop production volumes) (CSA 2016a). As pointed out in tables 6 and 7 in appendix B based on the CSA's surveys, and as confirmed by data collected on a zone level,¹⁷⁷ teff, wheat and sorghum are the main staple crops in South Wollo. In 2016, wheat production was estimated at 1954 thousand qt, followed by teff 1823 thousand qt and sorghum 1589 qt; grown respectively on 96,665, 124,418 and 66,550 hectares, with yields of 20.21, 14.65 and 23.87 qt/ha.

According to these conditions, except for some very limited areas, the South Wollo Zone does not seem to be suitable for the implementation of the kind of commercialization clusters envisaged by the ATA in ACC initiative. Clustering was indeed conceived by ATA for areas where surplus production is a relevant factor, and where there is potential for value addition; therefore South Wollo was not included

¹⁷⁷ - Data gathered at the the Zone Office of Agriculture, July 2016, Dessie.

among the prioritized areas selected for the ACC.¹⁷⁸ Nevertheless, as reported by many local government officials,¹⁷⁹ extension agents¹⁸⁰ and development partners,¹⁸¹ and as observed during the field visits, clustering is currently used as a foremost approach to agricultural development in many parts of the South Wollo Zone, it is part of the developmental narrative of official government representatives, and it is bringing about major transformations in production patterns.

The definition of agricultural clusters (or agro-based clusters, considering that no distinction is made by the respondents) provided by the officials of the Zone Office of Agriculture who participated to fill out the questionnaire I submitted runs as follows: «an agro-based cluster is simply a geographic concentration of producers, agribusinesses and institutions engaged in the same agricultural or agro-industrial sub-sector, that interconnect and build value networks when addressing common challenges and pursuing common opportunities». Agricultural clusters are composed of bordering or nearby plots (*kuta gettem*, in Amharic) where farmers receive instructions and training on the commodity with the greatest potential for the area based on its agro-ecology and market demand. Clusters are envisaged to improve cultivation patterns and productivity levels through a more effective use of natural resources and the adoption of appropriate technologies and agricultural inputs. As declared, with clusters the GoE envisages «to change farmers' attitude toward cultivation» by shifting from multi- to mono-cropping, and to stimulate the growth of marketable surplus as a result.¹⁸² Farmers are provided specific inputs and credit, and are followed by cluster leaders, 1 to 5 teams and development agents to encourage the adoption of best cultivation practices. Furthermore, clusters are expected to foster collaboration among producers, to improve their market accessibility, to lower transaction costs throughout the agro-industrial value chain, to enhance integration among actors, and ultimately to attract foreign investors and boost export commodities. The main implementers of the agricultural clusters found at the Zone Office were all those involved in the delivery of agricultural extension, credit and marketing services: the Zone and Woreda Offices of Agriculture, the *kebele* authorities, the DAs, the cooperative unions, the primary cooperatives and the farmers.

This total coherence with the objectives and rationale set by the National Framework of the ACC is compelling.¹⁸³ Considering that the ACC is set to operate in surplus areas and where there is agroecological potential for value addition,¹⁸⁴ and that South Wollo does not enjoy a competitive

¹⁷⁸ - Interview with Zegeye Teklu.

¹⁷⁹ - Interview with Mesfin Dagne, Head of the Zone Office of Agriculture, 20 July 2016, Dessie. Interviews with the representatives of the selected *woreda*, July-September 2016.

¹⁸⁰ - Interviews with extension agents in the selected *kebeles*, July-September 2016.

¹⁸¹ - Information gathered at the College of Agriculture of the Wollo University and from personal exchanges with representatives of the US Peace Corps, July 2016, Dessie.

¹⁸² - Interview with Mesfin Dagne.

¹⁸³ - ATA, *National Framework for Agriculture Commercialization Clusters in Ethiopia. Concept, Vision, Strategic Interventions and Implementation Framework*, Ethiopian Agricultural Transformation Agency, unpublished draft.

¹⁸⁴ - Wondirad Mandefro, *op. cit.*

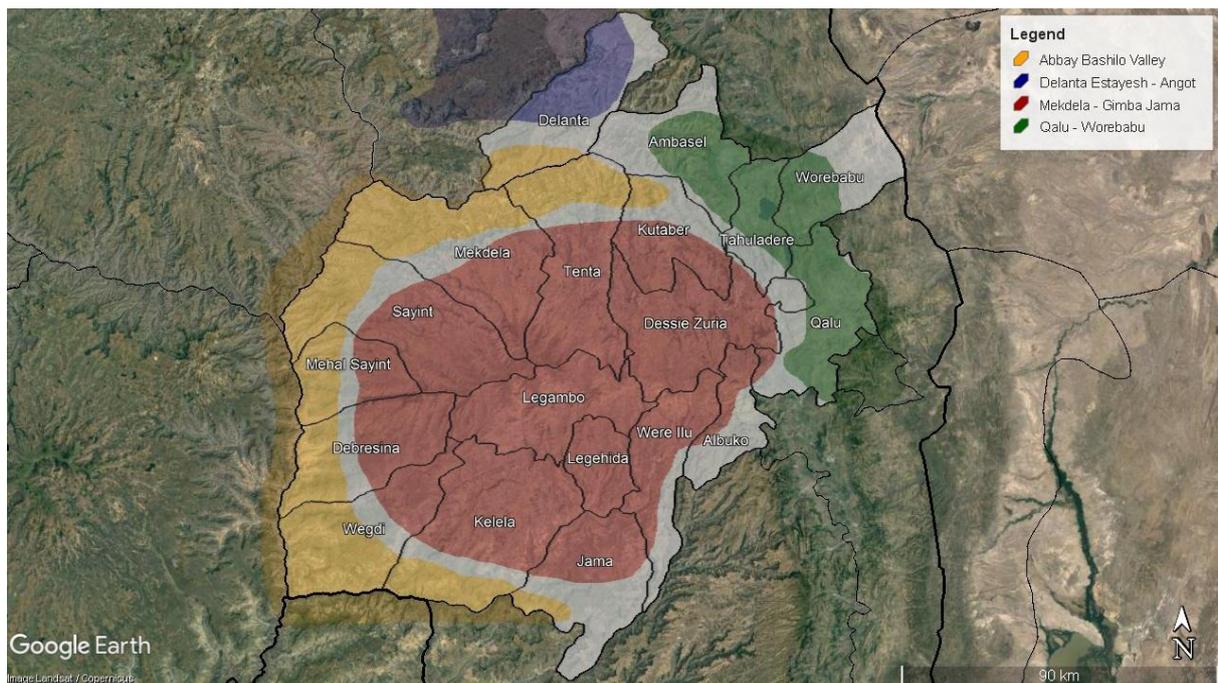
advantage in this sense, this dissidence raises major concerns regarding the appropriateness and operational viability of similar clusters in these contexts. Likewise, the reasons for not including South Wollo among the ACC initiatives were linked to its agro-ecology, population density and food security conditions.¹⁸⁵ For this reason, on a national level the ACC prioritized other areas with stronger potentials. However, at the same time, respondents at the Zone Office of Agriculture in South Wollo declared that in the last years (without specific dates), the Office had started identifying areas and commodities with potential for agricultural clusters.¹⁸⁶ The process has been conducted in collaboration with the ATA, the MoANR and its regional desk, and has led to the selection of four areas with «suitable agro-ecology, area coverage and farmer experience». The key point to understand the ambiguous scenario was given by respondents at the Zone Office of Agriculture: «clusterization has not started with a federal or regional proclamation; we receive clusterization directly through different technical trainings and by considering our potential». For this reason, although information and reports from the ATA announced that agricultural clusters were still in the planning and rudimentary phases of implementation in other areas of the country, evidence from South Wollo suggested that the approach has already made a vehement entry on the scene of rural politics, with a substantial potential in terms of agrarian change.

According to information gathered at the Zone Office of Agriculture, the identification of the four main clusters was done following selection criteria that associated potential commodities with *woreda*. Commodities were selected for their potential in terms of import substitution, export, agro-processing opportunity, productivity growth, food security, job creation and local market demand. *Woreda* were grouped accordingly based on agroecological similarity and geographic proximity. The whole South Wollo Zone area was subsequently subdivided into four main clusters by the agricultural experts, as I illustrated in map 2. Each cluster extends over different *woreda*: all the *woreda* are included in one or more clusters, and every *kebele* of each *woreda* is expected to participate. Consequently, all the crop land of the zone is classified according to its agricultural potential, and potentially affected by cluster policy. However, interviews with officials from the sampled *woreda* reported that only a limited number of *woreda* and *kebele* was selected for clusters.

¹⁸⁵ - Interview with Zegeye Teklu.

¹⁸⁶ - Data gathered at the Zone Office of Agriculture through the submission of a written questionnaire in July 2016, Dessie. The following quotes and information in the paragraph are taken from open answers to the questionnaire.

Map 2 - Four main clusters in South Wollo. Personal elaboration, source: Zone Office of Agriculture



For each main cluster, several commodities (between 4 and 10) were selected by the agricultural experts according to their development potential: cereals (wheat, teff, sorghum, barley), pulses (mung beans, haricot beans, faba beans, field peas, field lentils, fenugreek), horticultural crops (apple, plum, mango, banana, citrus and various vegetables), animal products (from beekeeping and dairy) and livestock (goats, sheep, poultry and fish). Nevertheless, for the main cropping season in 2016, officials stated that the Zone Office gave priority to only 3 cereals: wheat for consumption and the local flour factory, malt barley to supply the local malt industry, and sorghum for food security and local markets. Yet, as the following sections will demonstrate, extension agents and officials in the administration's lower tiers had selected these and many other commodities for clusters.

Within each main cluster, all the *woreda* were subdivided further into smaller clusters and sub-clusters -whose extent varied from area to area - where specific commodities were identified, given priority, promoted and fostered. As reported by the zone Head and observed during the following interviews in the *woreda*, at the time of the survey cluster development had not achieved an equal distribution in South Wollo. Although the project was expected to cover all of the zone's cultivated land, by 2016 the *woreda* boards and the *kebele* authorities had targeted only limited portions of it for clustering. Therefore, as far as land and commodities were concerned, the central planning proposed and boldly endorsed at zone level, did not prove to be effective on the field.

3. *Clustering, Evidence from the Field*

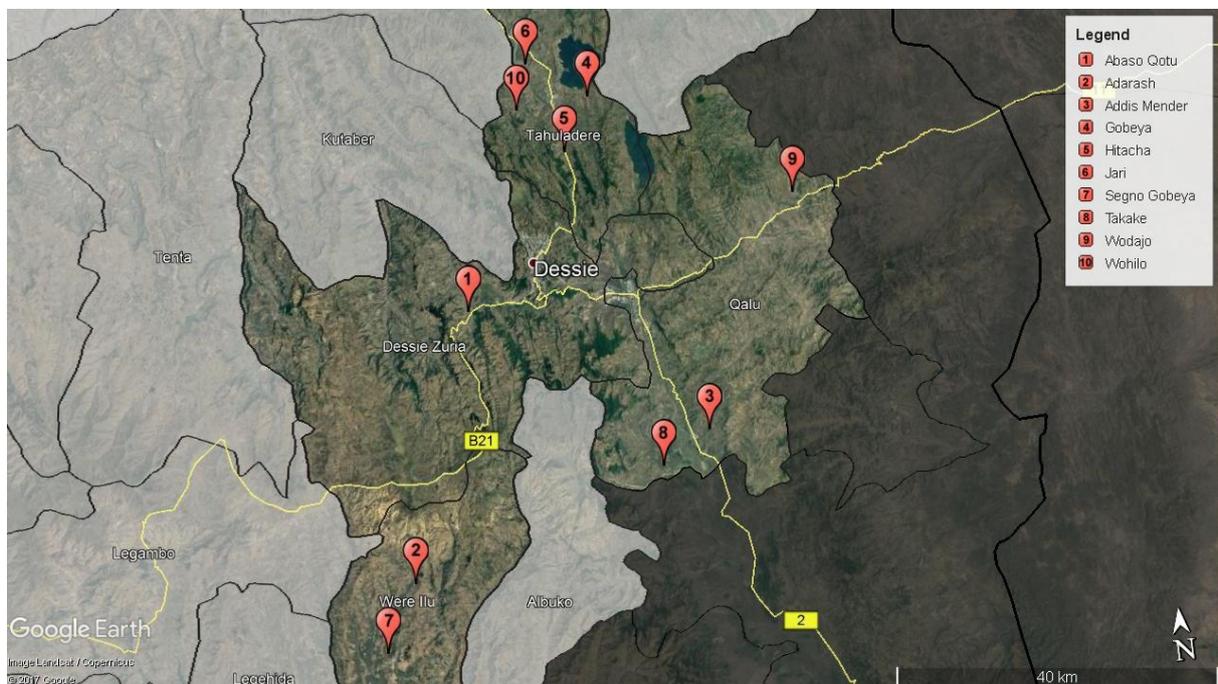
Three points have emerged so far, that need to be explained in order to understand the process of implementation of the cluster-based approach in Ethiopian agriculture, and to introduce the evidence from the field visits. To begin with, since clusters are aimed at targeting each phase of the agro-industrial value chain, the implementation process is expected to take on different shapes and to involve different actors, depending on the phase. Clustering in South Wollo has started in the past few years and its development pathway is closely connected to the above mentioned limiting factors that hamper the agricultural sector's performance of the. Accordingly, the fieldwork is centred mainly on the agricultural side of the chain from the perspectives of the peasant and the agrarian change studies, and has focused mainly on the major issues of land tenure, input accessibility, farming practices and, only marginally, market access.

Secondly, the information gathered on a federal and zone level, shows that the clustering policy in Ethiopia was proceeding simultaneously on different administrative tiers: on the top level, the ATA has promoted the selection of a few choice clusters and paved the way for its emulation by the MoANR and downward to its decentralized desks. At the same time, through technical training, recommendations for a cluster-based approach to agricultural development were spread downward to regional, zone, *woreda* and *kebele* levels. Moreover, the dialectic used by the interviewed officials revealed an upward accountability by each administrative post, according to which a greater extent of targeted land and higher number of involved farmers, yielded improved results; and this upward accountability may explain the data discrepancy on cluster size, that was found at different levels of the administration. Interviews and personal talks with DAs, *kebele* leaders, and local government representatives (on different levels), as well as watching their attitude toward farmers, have provided useful insights towards understanding these dynamics.

Thirdly, it is worth pointing out that the lack of a relevant policy framework, declaration or guideline for agricultural clusters, reveals the co-existence of different agrarian policy decision and command entities, that have significant influence on daily rural politics. Accordingly, it is apparent that government-induced agrarian change processes in contemporary Ethiopia are not only tied to officially declared policy acts or reforms, but are also affected by less discernible administration and command entities that operate through a top-down approach. The fieldwork explored how these mechanisms operate at grass-roots level and how this affects peasant production relations.

Due to the novelty, and the unclear policy framework, that characterizes the implementation of these clusters in Ethiopia - particularly so for areas with low to medium agricultural potentials – the topic has not attracted yet significant attention by the academic and research-oriented realms. The fieldwork has therefore aimed at filling this gap by surveying the status of implementation of the cluster-based approach in multiple locations and from the main implementers' different perspectives. Based on the information gathered from the Zone Office of Agriculture, on the Wollo University staff's contacts, and on logistical accessibility, four *woreda* where clusters have reached a relevant level of development

were selected for further investigations: Tahuladere, Qalu, Dessie Zuria and Were Ilu. As the interviews with each *woreda*'s officers have proved, almost every *woreda* and *kebele* owns statistical information on land size and the number of farming households included in the clusters. Based on data gathered from each of these Woreda Offices of Agriculture, 10 *kebele* with a relevant presence of crop clusters were selected for field visits: four in Tahuladere *woreda*, three in Qalu, one in Dessie Zuria and two in Were Ilu. In order to study the different ways the crop clusters are created based on local agroecological and agroeconomic conditions, and how their transformational potential is shaped by context-specific relationships between peasants and the state/party multilevel apparatus, the presentation will proceed one *kebele* at a time, grouped by *woreda*, according to the order given above. Subsequently, the main evidence from the field visits will be gathered, completed with additional information and discussed from an overall perspective, in order to provide a comprehensive understanding of the most substantial and widespread elements of agrarian transformation.



Map 3 – Kebele selected for fieldwork

3.1. Tahuladere

Being part of the abovementioned South Wollo Meher and Belg Livelihood Zone, Tahuladere *woreda* is characterized mainly by *woine dega* and *kolla* agro-ecologies, two rainy seasons and low-medium agricultural potential compared to the rest of the zone. Soil erosion and high population density¹⁸⁷ lead to a particularly severe land scarcity which hampers further the area's food security and economic status

¹⁸⁷ - Population density figures per *woreda* come from BOFED, *Regional Atlas Maps*, Bureau of Finance and Economic Development, Amhara National Regional State.

(Rosell, Olvmo 2014). The Woreda Office of Agriculture confirmed that agriculture in Tahuladere has a low performance, its production is almost totally used up for subsistence by small-scale farming households or redistributed through local markets to food deficit households; these conditions make Tahuladere a food insecure area thus included in the PSNP.¹⁸⁸ The *woreda* is subdivided administratively in 21 *kebele* and covers around 469 kmsq.¹⁸⁹ Wheat, teff and sorghum are the *woreda*'s main crops, taking up a total of 16,133 ha of land. The *woreda* is part of the Qalu-Worebabu main cluster selected on a zone level. 126 clusters have been created in the *woreda*, covering over 7222 ha and involving 18 *kebele*; these are distributed as follows: 33 clusters for sorghum, 69 for teff, 19 for wheat and 5 for mango.

Clusterization in Tahuladere started in 2013, following directives issued by the Regional Office of Agriculture, which informed the *woreda* counterpart about the urgency of creating clusters for agricultural development. As declared by the interviewed official, the only purpose of clustering in Tahuladere is to increase the quantity and quality of farmers' production, and consequently improve their food security status. In the clustering narrative on the *woreda* level, no reference is made to improving commercialization or marketable surplus for any value addition activities. Therefore, clustering in Tahuladere is intended mainly to promote an efficient application of inputs, to improve natural resource management, to prevent plant diseases, and to promote collaboration among farmers and scaling up of best practices. Clusters are indeed defined simply as bordering plots which are considered suitable for cultivation of the same crop, and therefore selected by *kebele* authorities and development agents. Because of poor production, within the *woreda* there is no structured aggregation or collection of farmers' production from clusters after harvest, nor specific linkages to cooperatives or processing factories.

3.1.1. Hitacha

Hitacha *kebele* extends mostly on a medium altitude *woine dega* area, on the main road which connects Hayk and Dessie. The first clusters were created in 2015, following recommendations by the regional government: three teff clusters were active in 2016, covering a total of 748 hectares and involving 739 household farmers.¹⁹⁰ The selection of land and crops to be farmed in the three clusters has proved particularly interesting in Hitacha. Although the two local DAs that have been interviewed declared that the selection has been made primarily by local experts, this may have been influenced by specific

¹⁸⁸ - Data are gathered from the interview with an official of the Tahuladere Office of Agriculture, 24 August 2016, Wohilo *kebele*. Information, rationale and definition of clusters provided in the section are gathered from that interview.

¹⁸⁹ - BOFED, *Annual Statistical Bulletin 2002 E.C., Geographic Information System*, Bureau of Finance and Economic Development, Amhara National Regional State.

¹⁹⁰ - Interviews with two DAs working in Hitacha, 25 August 2016, Hitacha *kebele*. Following information and quotes are gathered from these two interviews.

instructions from higher administrative posts. As reported, the selection was indeed done based on the area's productive potential (as repeatedly stated on a federal and zone level) and on the «development packages distributed by the Amhara Region». The development packages consist of improved inputs (mainly seeds and fertilizers) and training distributed to the Woreda Office of Agriculture and the DAs by regional experts (bypassing the zone level), destined to be subsequently extended to farmers. These packages are commodity-led, and their distribution to the DAs (carried out directly by the Woreda Office of Agriculture or through its *kebele* correspondent) is determined by the kind of «crops selected by the region for cluster purposes». Therefore, the DAs have access only to development packages assigned to specific commodities which have been selected at higher levels, and can only allocate the extension services they deliver to farmers' clusters, on this limited basis. No complaints have been raised directly on the issue by the interviewed DAs; nor does this study dispute the fact that any decisions made on a regional level may be wrong simply because of their distance from the local contexts. However, this top-down mechanism is particularly compelling.

Moreover, during the interviews the DAs pointed out in a covert manner the area's suitability for khat cultivation, and this crop's importance in terms of cash earnings for local farmers. At the same time, they showed some disappointment for the fact that this income potential is not being exploited because khat is not included among the commodities selected for development packages or clusters in the area, because of the dependency pattern it may cause in its consumers. Therefore it is evident that clustering decisions on a local level are limited to a range of options defined at higher government tiers. At the same time, it is equally obvious that smallholder farmer income earning opportunities through cash crops are channelled, if not hampered, by an agricultural policy aimed at attaining national food self-sufficiency through the mass production of staple crops.

One of the three clusters created in Hitacha has been sponsored by the Wollo University, who organized the training and distributed improved teff seeds to farmers who own bordering plots with similar agroecological conditions.¹⁹¹ The University also trained farmers to create an association for seed multiplication among the cluster's producers: the Hitacha Seed Multiplication and Buying Association, that in 2015 was able to sell 15 qt of seeds to the Amhara Rehabilitation and Development Association (AMELD, a government-led development association), that subsequently distributed them to other *kebele* in Tahuladere. 8 interviewed farmers were part of this cluster: they received improved seeds for free from the University, but were obliged to buy fertilizers from the multiservice cooperative, the only legal supplier. In spite of the presence of a preferential access to the AMELD to whom farmers sold collectively (at 28 birr/kg) to lower transportation costs, none of the farmers had a contract agreement with the association, nor with the Wollo University. According to the DAs, the University, who provided

¹⁹¹ - Information, data and opinions expressed in the following paragraphs are gathered from individual interviews with 10 farmers and 1 focus group discussion realized with the same farmers, 25 August 2016, Hitacha kebele.

the improved seeds, will probably request part of the harvest as a form of payment, but none of the interviewed farmers was aware of that, nor were they willing to give up any of their outputs; the lack of written contract agreements between the parts is a major issue. The cluster is driven by a central committee that monitors cultivations and controls the quality of the product before selling to the AMELD; most of the interviewed farmers were not included in the elections for the cluster leader, who is a model farmer and an active party member.

The other two clusters were created by *kebele* leaders and DAs: farmers bought inputs from cooperatives and from the Kebele Office of Agriculture, and sold their surplus production to local markets. Contrarily to what is designed on a national level, cooperatives were not indicated by the DAs as the preferential destination for farmers' outputs, and the interviews with farmers confirmed that no change has occurred in their marketing relationship with cooperatives following the creation of clusters. In these cases, no kind of post-harvest aggregation was organized in order to lower transportation and transaction costs. Farmers complained about the constantly increasing prices of fertilizers and blamed the government for not legalizing free trade: one farmer admitted having bought fertilizers from local black markets, where prices were half those asked by the cooperative. Two others denounced what they reported as being a common concern among farmers in Hitacha: land adaptability to fertilizers. The improved seeds sown on clusterized land require an intense application of processed fertilizers, which generates initial gains in terms of productivity, but in the mid-to-long-term causes soil depletion and forces farmers to apply increasing quantities of fertilizers in order to generate outputs, with a relevant economic burden. According to information gathered from the DAs, on average improved teff needs 50 kg/ha of DAP or 80 kg/ha of urea to be cultivated in Hitacha.

The DAs declared that, thanks to the application of improved inputs and to more efficient cultivation practices, teff production among cluster farmers has doubled compared to previous periods: from 13 qt/ha to 25-30 qt/ha. These data are undoubtedly unreliable since the average national yield for the 2015/16 year was 15, and South Wollo's average was even lower. Interviews with farmers indeed confirmed that teff productivity increased significantly the year that cultivations were performed in clusters (130% on average), but the actual yields were much lower than those claimed by the experts, and ranged between 7 and 16 qt/ha. Interviews with the farmers, disclosed that around 68% of the total crop land owned by them (0.76 ha each, on average) was included into clusters. The main reason for participating which arose from the focus group discussion, was linked to the possibility to receive free inputs from the Wollo University and to have better results in terms of productivity. Only one farmer among those interviewed refused to be part of the cluster, due to the excessive manpower required by the cultivation practices implemented in the cluster: i.e. sowing on line, which requires farmer collaboration to be carried out. The DAs claimed that many farmers refused to be included in cluster cultivations, but were then convinced through training and demonstrations of their productive potential. 8 out of the 10 interviewed farmers used to diversify their crop production more before clusterization -

mainly with wheat, maize, vegetables, khat and pulses – as a coping strategy in case any of the crops failed. With cluster cultivations, diversification has decreased, and one of the interviewed farmers admitted that if his teff crop should fail he will be forced to ask the *kebele* authorities for assistance.

3.1.2. Wohilo

The Wohilo *kebele* is located on a high altitude *woine dega* area, in the eastern part of Tahuladere. The area is connected to the main road (Dessie-Hayk) by dismal roadways, only accessible by *bajaji* or animal-drawn vehicles.¹⁹² Out of the total 1031 hectares of cultivated land, in 2015 405 ha were dedicated to cluster production: 65 ha and 231 households were involved in one wheat cluster, 340 ha and 843 households in two teff clusters. In 2016 the total number of households in the *kebele* was 1427, but since many households had plots in all three clusters, the sum of the abovementioned numbers is not a real estimate of the proportion of households' involvement in clusters. 5 DAs are active in the *kebele*, each of them specializes in different agricultural-related issues and extension services: crop, animal sciences, natural resources and land management, irrigation and credit. The interviewed DA (specialized in crop cultivation) has taken part in the selection of areas to be included in the clusters, led by experts from the Regional Office of Agriculture. As for the commodity of choice, the same dynamics observed in Hitacha were replicated in Wohilo: the selection has been conducted mainly by regional experts based on local potential, and khat has not been included despite its high cultivation suitability. The potential for profit from khat production was even greater in Wohilo, where some of the interviewed farmers have recently gotten much richer thanks to the sale of this crop. Nevertheless, the DA declared that khat clusters are not feasible for two main reasons: farmers would not agree to shift their production to single and cash crops, because of the risks connected to food security; and regional experts were not keen on stimulating the consumption of an unhealthy crop, despite its income generation potential.

The DA reported that many farmers refused to take part in cluster cultivations because sowing on line and weeding procedures required by these kinds of cultivations are highly labour intensive and require a remarkable amount of manpower which many households do not dispose of. One of the interviewed farmers confirmed that these problems were motivated his choice to refuse being clusterized, while another declared he was not included because his land is in an unsuitable area for wheat or teff production. The other interviewed farmers accepted because of the estimated productivity growth, and benefits associated to working together. Nevertheless, when questioned on the problems related to clustering, all of them answered with the same issues as raised by the DA.

¹⁹² - Information in the first paragraphs of this section was gathered from the interview with a DA working in Wohilo, 24 August 2016, Wohilo *kebele*.

In 4 out of 6 interviewed farmers with clusterized plots, land was 100% covered by cluster crops: diversification was remarkably lower and the proportion of purchased food items increased compared to previous years.¹⁹³ In spite of the growth found in the amount of food items purchased from markets, compared to previous years, no particular concern was expressed by farmers regarding the risk associated to relying on one single crop. If the crop does fail, both the DA and the farmers agreed that the government (*mengistu*) will provide for the food requirements: in Wohilo, the PSNP covers the cases of chronic food insecurity. It is worth noticing here that the respondents' lack of fear, is not due to an irrelevant risk in terms of food security associated to cluster development, but to the presence of an active safety net which intervenes in case of failure. Therefore the implementation of the cluster program depends heavily on complementary support, and concerns may be raised if clustering production should extend beyond the PSNP's coverage capacity.

In line with national and regional recommendations, cooperatives are expected to play a major role in input distribution and production aggregation. Before the establishment of clusters, improved seeds were purchased from both primary cooperatives and local markets; with clusters, all the interviewed farmers bought seeds from the cooperative, where quality was reported to be higher, despite the lower prices available at local markets. This was not seen by farmers as an obligation (*gedeta*), but as an acceptance of expert suggestions in order to achieve better results. As for fertilizers, no change in farmers' purchase of fertilizers from the cooperative, nor in their utilization has been reported with clusterization. After harvest, farmers were not told where to sell, leaving to them the possibility to decide between local markets or the primary cooperative, as they prefer. As reported by many respondents, this situation was not expected to last much longer since, according to plans, primary cooperatives and cooperative unions will soon be able to aggregate farmer production.

The three main clusters are divided in sub-clusters, forming a multilevel hierarchy, which ranges from the smallest groups of 8-10 farmers, to the largest composed by 200-400 households. Each sub-cluster is driven by a cluster leader whose role is to inform, motivate, support, coordinate and represent the farmers in meetings with DAs and *kebele* authorities. These leaders are not elected, but selected according to their education level, production capacity, economic status and public role in the *kebele*. 12 leaders are at the top of the complex command system; on the bottom levels, there are 1 to 5 teams who are also active in cluster development, with the same purposes.

3.1.3. Gobeya

¹⁹³ - Information from the DA is completed with information gathered from individual interviews and 1 focus group discussion realized with 8 farmers, 24 August 2016, Wohilo kebele.

The Gobeya *kebele* covers a low-altitude *woine dega* area, south of the Lake Hayk, east of Hayk town. It is a food insecure area where teff clusters have been created since 2014. According to the interviewed DA, by 2016 8 teff clusters were established, covering all of the *kebele*'s 117 hectares of land, and involving all of the 135 farming households.¹⁹⁴ Field visits disproved these data because in at least two vast areas farmers refused to sow teff due to the excessive presence of wetland that would have threatened its cultivation. As gathered from the individual interviews and the focus group discussion with a selected number of farmers, many producers in the community opposed teff clustering also on land with more suitable agroecological conditions, for two main reasons: they could not afford the prices of the improved seeds and fertilizers, and they did not agree to sow and weed jointly and according to time schedules and practices indicated by the DAs. The interviewed DA claimed the oppositions were settled: farmers were convinced through training and thanks to the economic contribution from development assistance organizations who provided credit to purchase inputs. Field visits and talks with farmers once again reported a very different scenario. Most of the respondents did accept to participate both because of the expected benefits in terms of production, and the possibility to receive seeds for free offered by the whole extension service structure (Kebele Office of Agriculture and DAs). Instead, 2 farmers declared they were forced to accept by experts and *kebele* authorities.

Clustering was implemented overtly to increase production and to foster food security in the *kebele*: specialization, instead of diversification, was considered the main strategy to achieve these goals. Considering that, as claimed by respondents, production in the area rarely surpasses subsistence levels and therefore surplus volumes are almost irrelevant, the *kebele* has no structured aggregation systems or output channelling, and farmers usually sell (their production quota which is not destined to self-consumption) to local markets, where prices are more favourable. The *kebele* level primary cooperative was therefore inactive for post-harvest activities at the time of the survey, nor was it particularly active for input distribution since farmers preferred purchasing seeds (the quota not delivered for free by the extension agents) from local markets, where prices were lower. Fertilizers, on the contrary (and according to the law), were purchased from the cooperative by credit at very high interest rates, thus causing farmers to be indebted.

All the interviewed farmers complained about being in debt, which is caused indirectly by cluster production. Moreover, during the field visits, in two cases farmers expressed their deep concern after the teff seeds sown in the cluster failed to germinate, and demanded the DA's help to guarantee their households' food security. Therefore, similarly to what was seen in Hitacha, cluster development is obviously causing problems to farmers, making complementary services necessary to compensate. Initially, the DAs convinced the farmers to sow improved teff seeds— distributed for free or purchased

¹⁹⁴ - Information, data and opinions in the section are gathered from: interview with a DA working in Gobeya, individual interviews and 1 focus group discussion with 10 farmers, 23 August 2016, Gobeya *kebele*.

from local markets – to achieve a high productive potential. Then, seeing that cultivating these seeds required a substantial use of chemical fertilizers, farmers became indebted with saving and credit cooperatives for their purchase. Consequently, in case of crop failure, farmers face a double problem: food insecurity and indebtedness.

Crop diversification has accordingly been greatly reduced among Gobeya's farmers, since 62% of interviewed farmers' crop land was shifted exclusively to teff cultivation. Many of the interviewed farmers picked chickpea (*shimbra*) and grass pea (*guaya*) as alternative crops to be planted before the shorter rainy season in case of teff failure, and associated this possibility to a modest chance of recovery; but the focus group discussion disclosed that concerns about food insecurity risks were not completely alleviated by the presence of these alternative solutions.

The DAs and other local authorities selected 8 leaders to play a central role in spreading information, they are the first farmers to have access to and apply new technologies, and they operate as intermediaries between cluster farmers and extension agents: none of them are involved in input distribution nor post-harvest output aggregation. They have been selected among the most proactive and educated model farmers,¹⁹⁵ and farmers' participation in the selection process was not considered.

3.1.4. Jari

The Jari *kebele* is the only area selected for visits, which have been dedicated to the creation of cash crop clusters, specifically mango. Mango cultivation was started in 4 clusters in 2015, following the instructions from experts of the Regional Office of Agriculture, and the DA's selection of this specific commodity.¹⁹⁶ The establishment of mango clusters comes with the promise to build the necessary infrastructures to connect the *kebele* to the main road and the markets. Currently, the largest cropping area of the *kebele* cannot be reached by any motor vehicle and is about a 1-hour walk away from the main road that connects Hayk with the northern zones and cities. Considering that the plants will produce the first mangos in 3-4 years, major infrastructural works are required in the area in order to allow farmers to fully benefit from the extensive cultivations they have started.

According to plans, mango clusters in Jari *kebele* are expected to occupy around a third of the total crop land and the great majority of peasant households: 248 out of 612 hectares, and 916 out of 1181 households. According to the interviewed DA, the planned coverage was almost completed, but as declared by the leader of the four clusters, their extension did not go beyond 4 hectares and 90

¹⁹⁵ - The DA declared that in the *kebele* there were 25 model farmers, defined on the basis of production capacity, livestock asset and resistance to famine.

¹⁹⁶ - Interview with a DA working in Jari, 22 August 2016, Jari *kebele*.

households. As observed during field visits,¹⁹⁷ mango cultivations are very limited (slightly above 1000 square metres on average among the interviewed farmers), involved plots are not adjacent, and mango plants are intercropped with cereals or pulses. Due to the limited extension of mango cultivations, and the intercropping practice, farmers' cropping diversification has not changed significantly.

Among the respondents, farmers involved in mango clusters have generally accepted in order to benefit from more collaboration in defending the fields from depletion caused by animals and disease, and from increased market opportunities offered by the practice of selling collectively. According to the conversation with the DA, the DAs and experts from the Regional Office of Agriculture selected the land of the *kebele* to be part of the cluster, based on its geographical and agroecological conditions. According to regional indications, farmers purchased mango seeds from the AMELD, the local primary cooperative and the Kebele Office of Agriculture at a fixed price of 10 birr each, while the price in local markets was 5 times higher. Interviewed farmers have also been informed that, if they should plant the purchased seeds in a plot which has not been selected for clustering, or if one of the mango plants will not produce according to expectations because of their negligence, they will be charged 1,000 Birr fines. There is no written agreement on this rule, but every interviewed farmer was aware of this possibility. Each of the 4 clusters is ruled by a chairman, a cashier and a secretary,¹⁹⁸ who are responsible for assessing any case of this kind that will occur.

3.2. *Qalu*

The Qalu *woreda* is located in the south-eastern part of the South Wollo Zone and, as seen in previous sections, it is characterized by generally more favourable agroecological conditions. In spite of that, the area is not exempt from food insecurity problems, and a considerable group of peasants is very vulnerable to droughts, soil erosion, erratic rainfalls and relative famines. Cluster development started in 2014, following training and recommendations from the Regional Office of Agriculture.¹⁹⁹ By 2016, 87 clusters and up to 400 sub-clusters occupying a total of 9000 hectares were created, focusing mainly on sorghum production, followed by wheat and teff. According to indications, clusters are usually made up by 200-300 farming households, which are then subdivided into smaller groups of 5-20 households to form a sub-cluster.

As declared by two representatives of the Woreda Office of Agriculture, cluster development in Qalu follows the model created by the ATA and its main purpose is to: encourage the use of improved inputs

¹⁹⁷ - Following findings are from individual interviews and one focus group discussion with 10 farmers, 22 August 2016, Jari kebele.

¹⁹⁸ - According to interviews with farmers, in Jari these figures and the cluster leaders have been selected by the DAs or elected in one-candidate polls.

¹⁹⁹ - Findings in the paragraphs are from individual interviews with a former official and the Vice Head of the Woreda Office of Agriculture of Qalu, 23 July and 2 September 2016, Kombolcha.

in farming activities, foster mechanization, prevent disasters, increase collaboration and sharing of best practices among farmers, and improve their linkages to the markets. Improved seeds were reportedly distributed with cash payments or loans, issued by the Amhara Credit Service. With the application of the same input and cultivation practices, in land with similar characteristics, cluster cultivations are expected to ease the work of extension agents, and to generate an increase in production and productivity. Along with the crucial role of extension workers, cluster leaders, development groups and 1 to 5 teams are expected to contribute further to the creation of a collaborative environment, to organize production, to motivate farmers, to create awareness and spread best practices. Until summer 2016, agricultural clusters in Qalu were expected mainly to supply local consumption, and eventual surplus, if any, was not intended to supply any processing industry or agro-industrial system. In 2015, the surplus of sorghum seeds that was created through clusters was collected mainly by the Borkena Union, and the biggest state-owned seed producing enterprise of the Amhara Region, the Amhara Seeds Enterprise. The collection was done without any contract agreements, through offhand negotiations with local primary cooperatives and (*kebele* and *woreda*) agriculture offices. Because of rainfall and production unpredictability, according to the interviewed representatives it was going to be very difficult to assess whether the main 2016 cropping season was going to be able to guarantee a surplus production. If this did happen, surplus was expected to be absorbed by local markets because the Woreda Office had not established a structured collection system.

According to the Vice Head of the Qalu Office of Agriculture, clusters were not associated with reduced crop diversification for two main reasons: household land is usually fragmented into various plots which are located in different areas and not all involved in the cluster together; secondly, sorghum production (which is the most common cluster crop) allows intercropping with other crops such as sesame. In addition, clusters were not directly linked to an increased food insecurity vulnerability for farmers also because of the presence of community development programs to provide off-farm job creation and safety nets. None of the interviewed farmers or DAs reported intercropping as a suitable strategy for sorghum cultivation, and in 2 of the 3 visited *kebele*, only God or *mengistu's* assistance were considered a viable solution in the event of a cluster crop failure.

Clustering has not been implemented without farmer opposition: in many cases this indeed caused tensions and clashes between farmers and extension workers. One of the interviewed officials declared that many farmers did not accept to be organized into clusters because they did not agree with cultivating schedules planned by the experts. When participating in clusters, farmers are indeed instructed to prepare the land, sow, weed and harvest at the same time, to enjoy the benefits of collaboration, and to allow extension workers to manage better the activities. The time schedule is fixed by the extension workers themselves and it usually follows a standard timetable based on rainfall and cropping seasons. Conversely, due to the recent intensification of rainfall unpredictability, in these past years farmers have scheduled their cultivation activities according to actual rains. As claimed by the official, expert

instructions proved disastrous in 2015, when farmers who followed them and sowed improved seeds in June had failed cultivations, while those who sowed local seeds in May when the rainy season had actually started, achieved better results.

3.2.1. Wodajo

The Wodajo *kebele* is located in eastern Qalu, on the border with the Oromia Zone, and it is crossed by the road that connects Kombolcha with the Afar Region. It is characterized by a low-altitude *woine dega* environment, between 2000 and 1500 metres above the sea level. Wodajo has 935 hectares of total cultivated land, 534 of which were declared clusterized by the DA met in the field.²⁰⁰ 2016 was the first year of implementation of the clustering program, and 6 areas were selected for cluster sorghum and faba bean (*masho*) cultivations, involving 595 out of a total of 1230 farming households in the *kebele*; as claimed by the interviewed farmers, one leader for each cluster was elected by the members. The main reasons for accepting to be a part of the cluster program, according to the interviewed farmers, were linked to expectations of an increased protection from plant diseases, an increased productivity provided by improved seeds and the on line sowing practice to be performed in the cluster fields. Focus group discussions revealed that the farmers who refused or opposed to take part in the clusters had many reasons: they were scared of the monocropping system; they could not afford to purchase the large amount of fertilizers required by the improved seeds; they could not gather the sufficient manpower needed to sow on line; and they preferred to plant local instead of improved seeds, believed to have lower yields, despite faster growth.²⁰¹

Contrarily to what stated by the DA, many of the interviewed farmers affirmed that planting improved seeds was not a mandatory condition to take part in the cluster. Improved *masho* seeds were distributed for free by FAO and Concern Worldwide, or bought from primary cooperatives such as the Cheffatà cooperative; and sorghum seeds were delivered by the Srinka Agricultural Research Center, and local cooperatives. Fertilizer prices were a major issue for all the interviewed farmers since, as already observed in the case of teff, the improved sorghum seeds planted in Wodajo required the application of a large amount of fertilizer, and for many of them prices were not affordable. Extension workers had not issued any *gedeta* for fertilizer application in cluster fields, but farmers needed to purchase them, in order not to waste all the sown seeds.

²⁰⁰ - Findings in the section are from a collective interview with an official of the Kebele Office of Agriculture and a DA working in Wodajo, individual interviews and a focus group discussion with 10 farmers, 30 August 2016, Wodajo *kebele*.

²⁰¹ - Officials of the agricultural bureau confirmed that local seeds are better in terms of yields but need 7-8 months for production, whereas improved seeds have worse yields but grow in 3-4 months.

As for market linkages, the focus group discussion revealed that the extension worker did not provide any indications on where and how to sell farmer outputs, and that farmers will most likely sell their surplus production (if any) to local markets; incidentally the DA proved to be very optimistic in forecasting that half of the total production will be marketed. Among the interviewed farmers, almost all the crop land at their disposal has been cultivated with the cluster crop. In case of failure, neither the 1 to 5 leaders (very active in cluster development), nor the cluster leader, nor the DA will be held responsible; «but *mengistu* will certainly provide assistance».

3.2.2. *Addis Mender*

The Addis Mender *kebele* is located in the southern part of Qalu *woreda*, it is crossed by the Dessie - Addis Ababa road, and it is characterized by *kolla* and low-altitude *woine dega*. Addis Mender is part of the Cheffa Valley Livelihood Zone, which has a supposedly high potential for agricultural production and favourable conditions in terms of food security. However, the unpredictable rains determine the performance of the agricultural sector and the vulnerable food security that comes with it. According to information provided by the DA deployed in Addis Mender, cluster establishment started in 2011.²⁰² In 2016, according to the Kebele Office of Agriculture's estimate, three agricultural clusters covered 676 hectares of crop land, out of a total of 1000 hectares, involving 1200 households out of 1550. Sorghum, maize and teff constituted the most diffused crops for cluster land, as selected by a joint effort between development agents, farmers and *woreda* experts. The declared goal of the cluster development is to increase the *kebele*'s agricultural capacity, and to aggregate production through the Harbu Cooperative, in order to ensure market linkages for farmers, and to promote the creation of post-harvest value addition activities. The interviewed farmers proved to be partially aware of these expected trends: only half of them affirmed they had gotten the suggestion to sell to the primary cooperative, collectively with other farmers of the *kebele*. Despite its intentions, the Harbu Cooperative was not sufficiently developed yet, and it lacked the economic and structural capacity to aggregate the surplus production of the surrounding areas, or to implement value addition: in 2015 only one of the interviewed farmers declared he had sold part of his output to the cooperative, while the others sold to local markets because of more competitive prices and the Harbu Cooperative's unresponsiveness.

As for input purchases, similar dynamics to those observed in Wodajo were revealed by the interviewed farmers in Addis Mender. Cluster farmers were expected to sow improved seeds purchased from the cooperative, and to apply the required (high) amount of fertilizers to increase productivity. Among the small sample surveyed, the farmers who used the improved seeds were those with larger plots (4 *t'emad*

²⁰² - Findings in the section are from the interview with a DA working in Addis Mender, individual interviews and a focus group discussion with 6 farmers, 30 August 2016, Addis Mender.

on average), while those who preferred self-produced or local seeds purchased from local markets were reported to plough less land (an average 3 *t'emad*).

The focus group discussion revealed that a cluster and sub-cluster leader system was established also in Addis Mender: farming households were grouped in structures made up by 15-30 components, coordinated by one elected leader. In turn these were aggregated into larger groups, at whose head another chief (or leader) was selected. These command positions were often associated with a parallel role in *kebele* authorities. In addition, 1 to 5 teams were included in this highly structured hierarchy, in charge of fostering and coordinating cluster development.

Furthermore, during the focus group discussion, farmers disclosed a greater diversification, in the years before the establishment of clusters, but no particular concern was vented on food insecurity risks. Nevertheless, as opposed to other *kebele* presented in previous sections, the responsibility in case of failure was openly charged to *mengistu* (intended as both the *kebele* and *woreda* officials, and the DAs) for having pushed them to sow new varieties of seeds and chemical fertilizers: «before it was our responsibility, now it is theirs», one respondent stated.

3.2.3. Takake

The Takake is an area very close and similar to Addis Mender, which extends on the western edge of the Dessie – Addis Ababa road. The *kebele* is crossed by the Awash - Kombolcha railway under construction by the Turkish company Yapi Merkezi, and the Borkana river, which during the rainy season hampers peasants' access to Harbu and Addis Mender, the nearest urban centres. 234 hectares out of a total crop land of 715, and 345 farming households out of 572, were involved in cluster production by 2016.²⁰³ 5 crop clusters were created, one for each of the targeted commodities: sorghum, teff, faba beans, mango and banana. According to the DAs interviewed, the land selection was done by *woreda* and *kebele* extension workers, including farmers as well. Except for fruit cultivations, each year the clusters' temporary crops may change, following farmers and experts' joint decisions.

All the interviewed farmers were involved in cluster cultivations: 6 with sorghum, 2 with sorghum and teff, 1 only with teff, and 1 banana. Most of them accepted to be part of the clusters because of the high expectations on the output of improved seeds and fertilizers and to enjoy better assistance as promised by the experts. Among the small sample, the farmer with the largest plot and the one participating in the banana cluster received free seeds from Srinka Agricultural Research Centre, through the Kebele Office of Agriculture, for having joined the cluster. All the others used improved seeds bought from the local

²⁰³ - Findings in the section are from the interview with a DA working in Takake, individual interviews and a focus group discussion with 10 farmers, 1 September 2016, Takake *kebele*.

cooperative; only a few of them admitted they had mixed local seeds saved from the previous year with purchased improved ones.

Again, improved seeds require the use of large amounts of chemical fertilizers, and almost half of the surveyed farmers stated that the extension workers issued a *gedeta* to farmers for the purchase of fertilizers, whose sanction included arrest. The farmers reported the DAs and *kebele* authorities deemed fertilizers application mandatory since the creation of clusters, to be used for both local and improved varieties of seeds. «To use fertilizers» is also written on a big panel hung on the wall of the Kebele Office of Agriculture, which contains the rules that every farmer must follow, according to instructions from the *woreda*.²⁰⁴ Some farmers complained about the high costs of fertilizers, whose purchase forced many in the community to sell their cattle, given the lack of institutes providing credit. In addition, many also complained about the uselessness of the application of standard amounts of fertilizers in areas that are not suitable for it, and accused the government of compelling them for the sole purpose of earning revenue from the sales. For all these reasons, the DAs admitted that convincing the farmers to join cluster cultivations was particularly difficult, and that the 1 to 5 teams played a crucial role in informing and managing the transition to clusters. Differently from the rest of the surveyed areas, in this *kebele* the DAs have not promoted the election/selection of cluster leaders based on indications from the Woreda Office of Agriculture.

Takake is an area of high surplus production, compared to the rest of South Wollo; however, floods and soil erosion constitute a major problem for local peasants, which is reportedly aggravated further by the railway construction work. According to the DA interviewed, there is no plan for the surplus production generated by the clusters, and farmers are free to sell their surplus where they can make the higher profit. The only exception is represented by some sub-clusters that are linked to Srinka for seed multiplication: as observed in one abovementioned case, some of them received free seeds and were expected to give back part of their production to Srinka, but none of these agreements are formally recognized by contracts and it all depends on extemporary negotiations. Finally, the interviewed farmers spoke of a greater crop diversification in the previous years, which has been considerably reduced by the creation of clusters. The farmers who had shifted 100% of their land to one crop (half of the ones interviewed), reported they had no recovery strategy except to request support from *mengistu*.

3.3. Dessie Zuria

The Dessie Zuria is a *woreda* in the center of the South Wollo Zone, consisting mainly of high mountains and with a high average population density. From the agroecological point of view, the area is mainly

²⁰⁴ - The panel recites: «1- to plough the land repeatedly; 2- to use improved seeds; 3- to use fertilizers; 4- to use compost; 5- to make the land have moisture; 6- to weed; 7- to use pesticides; 8- to harvest properly».

characterized by *wurch*, *dega* and *woine dega*, it has a low average potential for agricultural production compared to the rest of the zone (even though there are food surplus areas), and its cropping system is almost completely rainfed and structured on two rainy seasons: *belg* and *kirmet*. Out of a total area of around 96,000 hectares, only 25,000 ha are cultivated; the major crops grown in the area are wheat, teff, food and malt barley, and pulses.²⁰⁵

In spite of a rather challenging environment, by August 2016 10 clusters had been created in 21 of the *woreda*'s *kebele*, to cover an estimated total of 11,000 hectares, as declared by the Woreda Office of Agriculture in Dessie. The short- to mid-term impact foreseen by the cluster implementation is to improve the population's food security and livelihood, by increasing the total staple crop production volume; accordingly, clusters are focused mainly on wheat, teff, barley and potato crops. In the long-term vision, clusters are also expected to supply raw materials to local processing factories such as a wheat bread factory located in Jama, and the breweries in Debre Birhan and Kombolcha. Malt barley is produced in exceptionally large volumes in the *woreda*, and it is already channelled through primary cooperatives and unions toward the Dashen Brewery in eastern South Wollo and the BGI Brewery in Kombolcha; based on this model, wheat and all the other crops cultivated in the *woreda*'s clusters are supposed to achieve better performance and supply value addition schemes. At the same time, clusters are also expected to increase the production of the necessary staple crops to achieve food security. 26 agricultural primary cooperatives are active in Dessie Zuria, almost 1 for every 3 *kebele*. In addition to selling sugar, oil and agricultural inputs, they play a relevant role in aggregating production where agricultural conditions are most favourable. This marketed output is usually sold to the Woreda Offices of Agriculture and redistributed through the PSNP and other food security initiatives. In 2015 for instance, according to estimates by the Dessie Zuria Office of Agriculture, exceptionally favourable conditions have generated 42 qt of food barley surplus, which have been sold by the local cooperatives in Dessie Zuria to other food deficit *woreda* in the South Wollo Zone.

3.3.1. *Abaso Qotu*

The Dessie Zuria *kebele* selected for the field visits is located at a 30-minute drive from the town of Dessie, on the road to Guguftu, a rural village in the central South Wollo Zone mountains, which happens to be an important crossroads for the zone. The Abaso Qotu *kebele* extends at an altitude between 2000 and 3000 meters, it has a total crop land of 1391 hectares and, at the time of the visit in August 2016, it involved 1245 farming households.²⁰⁶ The area has been selected for the establishment

²⁰⁵ - Data in the section are gathered from the Woreda Office of Agriculture and a subsequent interview with the Head of the Dessie Zuria Office of Agriculture, 18 August 2016, Dessie.

²⁰⁶ - Data and findings in the section are from the interview with a DA working in Abaso Qotu, individual interviews and a focus group discussion with 10 farmers, personal talks with other members of the community, 19 August 2016, Abaso Qotu *kebele*.

of 51 clusters, covering a total of 629 ha: 29 areas have been defined suitable for wheat cultivation, and 22 for teff. As already observed elsewhere, the selection has been made by the DAs and experts from the Woreda Office of Agriculture because of the presence of at least 10 hectares of adjacent plots which are suitable for the targeted commodity. Subsequently, the farmers involved were informed, and convinced of the profitability of clusters through training and meetings. As stated by the interviewed DA and personal talks with peasants not included in the sample of farmers gathered by the DA for interviews, many in the community were reluctant to accept clusters because they were afraid it would have entailed an increased work burden and capital investment (mainly for fertilizer purchases).

Most of the reluctant farmers were convinced by the possibility to receive free improved seeds, which was granted to all the members involved. In Abaso Qotu, clusterized farmers did in fact receive improved seeds for free from the local extension workers, based on an agreement which in turn obliged them to give back the same amount of seeds received. This fact, announced by the DA, was confirmed by all the interviewed and consulted farmers. The agreement was officialized by a contract, according to which no sanctions will be issued if the producers are not able to pay back the seeds received, after harvest. This provision was confirmed by the majority of farmers interviewed, who were in their first year of participation in cluster cultivations, and probably responded according to a common belief. However, it is worth mentioning here that the only farmer who was in his second year of cluster production, declared that giving back to *mengistu* the received amount was a *gedeta*. In addition to the quota destined for reimbursement, farmers were instructed to sell the remaining surplus to the local cooperative. Again, only the farmer who had already experienced a post-harvest period in the clusters, stated that selling to the cooperative was an obligation, while the others claimed they had not received any binding recommendations.

On the contrary no *gedeta* was reported regarding fertilizer use, which was defined very costly by all the sample farmers: all the interviewed farmers declared that fertilizer use depended on the producer's will, yet at the same time they also claimed that following the establishment of clusters more peasants have started to apply for credit in order to purchase it. In order to help farmers apply all the necessary cultivation practices and inputs in the right way, every sub-cluster (from 10 to 20 households) was appointed a leader, and every cluster (agglomeration of different sub-clusters) was appointed a leader, a vice leader and a secretary. These people were elected among farmers from a limited list drawn up by the DAs based on their education, production capacity and attitude towards innovation.

3.4. Were Ilu

The Were Ilu *woreda* is located south of the zone's high central mountains, it is characterized mainly by *woine dega* and *dega* agro-ecologies, and presents a medium suitability for agricultural production, compared to the rest of the zone. Total cultivated land covers around 27,110 hectares out of the *woreda*'s

total 782 kmsq. Of this total coverage, by 2016, 11,129 hectares were occupied by agricultural clusters, spread over all of the *woreda*'s 20 *kebele*.

The area is compatible mainly with cereal and legume production, therefore the *woreda*'s 252 clusters were divided as follows: 8013 ha for wheat, 2338 ha for teff, 517 ha for barley, 261 ha for lentils. As already observed in Dessie Zuria, the barley production is divided between food barley, which in 2016 covered 442 ha and 10 *kebele*, intended mainly for self-consumption or local markets, and malt barley, in 2 *kebele* for a total of 75 ha, channelled mainly to the Dashen Brewery in Debre Birhan. Cluster extension varied between 20 and 60 ha: wheat production was divided among 150 clusters, teff among 82 clusters, barley among 517 and lentils among 4.²⁰⁷

Were Ilu is one of the six *woreda* selected by the Wollo University for a seed multiplication project conducted jointly with the Bahir Dar University, the Integrated Seed Sector Development, and some other minor projects linked with seed multiplication or genetic improvement. Reports from field visits conducted by Wollo University researchers, proved that the creation of clusters has led to some harsh clashes between farmers and government representatives, mainly because of farmers' unwillingness to accept to join the cluster, and thus be forced to abide by its regulations.²⁰⁸ As confirmed by a member of the US Peace Corps deployed in Were Ilu, in some cases, the disputes have turned violent and extension workers and governmental representatives resorted to police intervention to suppress dissent and oblige farmers to accept.²⁰⁹

Despite the medium potential for agricultural production which characterizes the *woreda*, the only processing factory present in Were Ilu by 2016 focused on lentils and was located in *kebele* 07, Segno Gobeya. As stated by a representative of the Woreda Office of Agriculture, self-consumption and local markets absorbed the bulk of the agricultural production, and did not generate any value addition; accordingly, clusters were created to increase the production volumes, to ensure the *woreda*'s food self-reliance, and foster the creation of opportunities for other agro-industrial schemes. In the initial phases of this process, however, the lack of viable outflows for the marketable surplus, generates an economic unbalance. Informants from the Wollo University indeed reported that the clusters' production is not linked to the presence of a market demand, but based on a *woreda* level fixed quota. Hence, as observed by some researchers, in some villages clusters are organized as follows: each cluster's surplus production is estimated by the DAs and the *kebele* administrator and these data are transmitted to the Woreda Office. Based on the data received, the latter is in charge of finding a destination for the production: usually processing companies or food deficit *woreda*. However, as reported and observed during field visits, due to the lack of a relevant agro-industrial subsector in the area, weak

²⁰⁷ - Data provided by an official of the Woreda Office of Agriculture, September 2016, Were Ilu.

²⁰⁸ - Personal talks with researchers of the College of Agriculture of the Wollo University, July-September 2016, Dessie.

²⁰⁹ - Personal talks with US Peace Corps in Were Ilu, July 2016, Dessie.

communication between *woreda* and financial limits, often *woreda* administrators are unable to find viable recipients and consequently the surplus production is dumped by the clusters' farmers on the local markets.

3.4.1. Adarash

Adarash is one of the two *kebele* selected in Were Ilu for fieldwork in the summer of 2016. It is located on the unpaved road which connects Dessie and Were Ilu, through Gugufu, around 5 km south of Kabe. It includes a large area with medium potential for agricultural production, located on a plateau between 2500 and 3000 metres above the sea level. The *kebele* extends over 1887 ha of cultivated land, 217 ha of which are served by irrigation, while the rest is totally rainfed, depending mainly on both the *kirmet* and *belg* rainy seasons.²¹⁰ Adarash has been recently included in extension services provided by the Wollo University, therefore a higher level of collaboration from the DAs was appreciated.

Cluster development in the area started in 2011. In 2015, 448 ha were used for aggregated wheat production, 43 ha for fenugreek (*abish*) and 12 for beans. In 2016, the clusters had expanded and changed their targets: 936 ha were destined to wheat cluster, 22 ha for barley and 13 for beans. In line with other analysed *kebele*, clusters are formed on adjacent plots with similar soil characteristics, which have been selected for the cultivation of the commodity with the highest potential. However, in Adarash each commodity is associated to a single cluster, even though it extends on land located in different areas of the *kebele*: consequently, the farmers and the DAs consider the 936 ha as part of the (single) wheat cluster, and so on. Every cluster is then divided in sub-clusters composed by an average of 25-30 farming households. 1 to 5 teams, development groups and cluster leaders elected from a limited list drawn up by *kebele* authorities, are active in promoting the right application of cluster regulations; as revealed by the interview, the leaders are usually selected among people who also play other roles in *kebele* administration, and who consequently are also party members.

The focus group discussions revealed that clusters have been well accepted by the community, but resistance and violent opposition were experienced in neighbouring *kebele*. Acceptance was motivated mainly by the DA's expectations of increased productivity, better management of plant diseases, greater assistance from the experts, improved accessibility to high quality inputs, and ultimately higher incomes. A positive attitude was also seen regarding the risks of the shift toward a monocropping system: even though among the interviewed farmers 74% of the land has been dedicated (on average) to the targeted commodity, and all the respondents confirmed that they used to diversify their production more in the

²¹⁰ - Findings in the section are from an individual interview with a DA working in Adarash, individual interviews and two focus group discussions with 14 farmers, 1 and 5 August 2016, Adarash *kebele*.

past, the confidence in expert indications and the possibility to manage diseases collectively represented major guarantees for security.

Individual interviews with farmers revealed that producers in the Adarash clusters purchased seeds and fertilizers from the Kabe Cooperative. Despite the recurrent problems linked to the unaffordability of fertilizer prices, that was mentioned every so often during the individual interviews with farmers, on average producers in Adarash did not have to face any major obstacles to access the agricultural inputs in the *kebele*. This may be explained by the fact that farmers in Adarash enjoy a better economic status compared to other visited *kebele* - probably because of the area's higher agricultural potential- which makes access to improved seeds and fertilizers a simpler procedure. Fertilizers are preferably purchased with cash to avoid the interest rate charged for credit delivery by the Amhara Credit and Saving Association; no changes were observed on this issue following cluster creation, except for the prices, which were increased considerably. On the contrary, surplus production sales have changed following the establishment of clusters. As claimed by some of the interviewed farmers, in 2015, the selling price of wheat on local markets had dropped from 18 to 8 birrs per kg and this could probably be attributed to the major increase in wheat supply produced by the large cluster. The interviews revealed that neither the local cooperatives (Kabe is the biggest in terms of number of members and financial capacity, but as the DA stated, «the system [was] not well developed»), nor any other governmental administration structures have been able to aggregate the increased production. As reported by the DA, the members and range of activities performed by the Kabe Cooperative were gradually increasing, in accordance with regional and national plans; however, at the time of the field visits, the process was still far from being completed and smallholder farmers were already experiencing some negative consequences.

3.4.2. *Segno Gobeya*

The last *kebele* presented is located about 10 km south of Adarash, with similar agroecological conditions. The field visit was made during fieldwork conducted by some researchers and lecturers of the Wollo University College of Agriculture. Cluster cultivation started in 2013, and by 2016 the agricultural experts organized the cultivations into 16 clusters: divided into 7 wheat clusters (972 ha), 5 teff clusters (396 ha) and 4 lentils clusters (265 ha) for a total 2808 ha of cultivated land. In Segno Gobeya, each cluster is composed by around 90 ha and 180-200 farming households. Agricultural clusters were created to improve food security and supply raw materials to local processing companies: an already active firm involved in lentils transformation, and a wheat flour factory which is supposed to

be built in the *woreda* in the next years. With the clusters, farmers are expected to produce more and to sell collectively to the factories.²¹¹

As told by the interviewed DA, instructions for clustering arrived from the Woreda Office of Agriculture, who in turn received them from the regional government. The Regional Board of Agriculture established targets for land and crop production to be achieved by each *woreda* with the clusters, and the *woreda* in turn distributed this share among the *kebele*. The upper administration level selected the commodities and the quantities for each lower level, and neither the DAs nor the farmers had the possibility to participate in the process. What the interviews disclosed was that this top-down approach led to the selection of crops with low production potential, and that this caused a general farmer opposition to the creation of clusters: wheat, teff and lentils indeed gave lower yields compared to *guaya* and *abish*. Furthermore, the selected crops require the use of large amounts of fertilizers, which constitute a heavy economic burden for many farming households, and whose purchase is mandatory according to the interviewed farmers. For these reasons, many farmers refused to join the clusters, but were forcefully convinced to do so.

Another main problem that was discovered with the interviews regarded the revenue drop caused by the creation of clusters. In the last years, due to a better application of improved inputs and to the conversion of many plots to wheat and teff, the production volumes of these commodities have increased significantly. Since the primary cooperatives and unions were not sufficiently structured to aggregate the surplus production, this was poured on the local markets, causing a significant price decrease. All the farmers interviewed individually claimed this was causing them a relevant decrease in income, that nullified the potential earnings generated by the achieved productivity growth. The interviewed farmers confirmed that *guaya* and *abish* had greater potential in terms of yields and revenue: one farmer reported the sale prices for wheat and teff crops in post-harvest periods in the preceding year (when clusters were already established) were 7 and 12 birr/kg, whereas it was 40 for *abish* and 70 for lentils. In addition, interviewees showed scepticism about the construction of a wheat flour factory in the area. Even the presence of the lentils factory had a very limited influence on the economy of the *kebele*, according to the interviews.

Furthermore, the targets set at regional and district levels were linked to a reward and promotion system. Findings from the field visit proved that this system placed the clusters' main implementers under great pressure, from higher officials, which created discontent and had a negative impact on the results. At the same time, as already observed in other *kebele*, a hierarchical command structure was purposely created: each sub-cluster (around 20-30 households) had an imposed leader who controlled and fostered cultivations, and who was part of the cluster's central committee (composed by a chairman, a cashier, a

²¹¹ - Findings in the sections are from the individual interview with a DA working in Segno Gobeya, individual interviews with 7 farmers, 2 September 2016, Segno Gobeya kebele.

secretary, a valuator and a vice-chairman); every 15 days the central committee gathered for political meetings with *kebele* authorities.

3.5. Findings from an Aggregated Perspective

The fieldwork conducted in South Wollo reveals that the creation of agricultural clusters may be considered one of the most remarkable processes of transformation in peasant production relations, access to land, marketing and food security. Its presence is not so evident in policy papers, but its incidence on the field is clearly visible. Evidence from South Wollo proves that the creation of agricultural clusters is typically aimed at improving the quantity and quality of farming patterns around selected commodities in targeted areas, with the intended purpose to reach food self-sufficiency, boost agricultural commercialization, promote value addition activities and market linkages. The current clustering project is *de facto* embedded in the large framework of the agenda for agrarian transformation inasmuch as it is aimed at increasing smallholder-based agricultural production, it is based on a large-scale promotion of extension services, it is focused on both staple and high-value commodities for import substitution and export, it assigns a crucial role to cooperatives, and it works towards developing intersectoral linkages for the transition to an industrialized and middle-income country. In this section, the data presented above are gathered and interpreted from a comprehensive perspective in order to analyse the most relevant mechanisms of agrarian transformation entailed by the creation of agricultural clusters in South Wollo. Data from the 10 *kebele* are integrated with information gathered at Hawi *kebele*, in Wegdi *woreda*, where I had the opportunity to obtain information from the conversation with a representative of the Woreda Office of Agriculture and one of the local DAs. The field visit was made possible by the staff of the Wollo University, that I joined in one of their fieldworks in August 2016.²¹² Since farmers were not surveyed due to logistical problems, the *kebele* was not included in the previous presentation, but the most relevant findings gathered are included in the following analysis.

3.5.1. Agricultural Clusters: Sizes and Definitions

Evidence from South Wollo presents a diverse application system of the cluster-based approach to agricultural development. From the interviews and the collected data, differences surfaced *vis-à-vis* the

²¹² - Hawi in Wegdi was among the *kebele* involved in one of the seed multiplication projects carried out by the Wollo University. The university donated improved seeds to the *woreda* administrators, who in turn selected some *kebele* with high multiplication potential; the *kebele* administrators have in turn chosen the most suitable areas for the commodity and distributed the seeds to some of the farmers involved. During the cropping season, the University staff monitored the performance of the cultivated areas, and provided integrated support to the farmers and the extension workers in carrying out these cultivations. After harvest, the farmers who received free seeds were expected to give back to the Kebele Office of Agriculture the amount of seeds they gathered, but no formal agreement was signed.

physical definition of clusters: some officials designed clusters according to actual adjacent plots and monocropping systems, while others planned them in more general terms as areas with growth potential for specific commodities. Among the interviewed informants, only officials from the Tahuladere board, Gobeya, Abaso Qotu and Adarash included land proximity among the defining characters for clusters, while the others focused more on farming issues for cluster definition.

Inconsistencies loomed among different administrative levels: table 2 compares cluster numbers and sizes, as declared by the interviewed officials in the surveyed areas. Regardless of how valuable these statistics may be, the average cluster size seen in the surveyed *kebele* is 115.7 ha per cluster, and the standard discrepancy is very high, reaching 101.6. The most compelling incongruence regarding cluster average size can be seen very clearly in the comparison between data gathered from Dessie Zuria and Abaso Qotu. Likewise, differences were also noticeable between the 4 main clusters identified at the Zone Office of Agriculture and the dozens and hundreds claimed by each *woreda* board.

Table 2 - Cluster size in surveyed *woreda* and *kebele*. Personal calculation, source: interviews with officials and extension workers, July-September 2016, South Wollo

	Number of clusters	Total size of clusters (in ha)	Average size of clusters (in ha)	Total crop land of the <i>kebele</i> (in ha)	Share of total crop land covered by clusters (in %)
Tahuladere	126	7,222	57.3	*	
Hitacha	3	748	249.3	*	
Wohilo	3	405	135.0	1,031	39.3
Gobeya	8	117	14.6	117	100
Jari	4	248	62.0	612	40.5
Qalu	87	9,000	103.4	*	
Wodajo	6	534	89.0	935	57.1
Addis Mender	3	676	225.3	1,000	67.6
Takake	5	234	46.8	715	32.7
Dessie Zuria	10	11,000	1,100.0	25,000	44
Abaso Qotu	51	629	12.3	1,391	45.2
Were Ilu	252	11,129	44.2	271,100	41
Adarash	3	971	323.7	1,887	51.5
Segno Gobeya	16	1,633	102.1	2,808	58.2
Hawi (Wegdi)	29	356	12.3	*	

*: missing data.

In addition, different definitions were also noticeable within the same administrative units. As presented earlier, extension workers in Adarash, Addis Mender and Takake outlined the clusters according to the selected commodity, without considering land boundaries as defining characters. Instead, in another

kebele group implementers designed clusters by taking into consideration both monocrop cultivation and spatial proximity: for instance, in Hitacha the DA stated that 3 teff clusters were developed in the *kebele*, occupying over 700 ha of cultivated land. Most of the surveyed *kebele* may be found among this group: Wohilo, Gobeya, Jari, Wodajo, Segno Gobeya and Hitacha. In Abaso Qotu and Hawi, the proximity of land was of greater importance to mark the clusters borders as opposed to the other surveyed locations, since the informants recorded a high number of clusters in smaller areas: in Hawi, 16 teff clusters covered 212 ha, and 13 wheat clusters covered 144 ha; in Abaso Qotu 629 ha were divided into 51 clusters.

Table 2 clearly shows the high variability in the average size of clusters in the surveyed *kebele*. Since differences were found also within the same *woreda*, it can be said that *kebele* level implementers followed individual cluster development pathways. Nevertheless, as mentioned above and proved by the case studies, clusters policy decentralization is highly influenced by the principle of upward accountability, which reduces considerably the lower tiers' autonomy and therefore belies that idea.²¹³ This variability may therefore be more realistically defined as the result of overestimations, inefficient communication between different administration levels, fallacies in data collection and, probably, diverse cluster interpretations. Whichever interpretation is given, these differences are worth analysing in order to look at the data from an aggregated point of view, and keeping in mind the different organizational structures and implementation strategies that these may entail.

Informant tendency to exaggerate estimates was noticed in many ways. The DAs in Gobeya and Jari overemphasized cluster extension, in Hitacha the agent inflated the cluster results in terms of productivity gains. In Wodajo the agent's predictions on productivity growth and marketed share of total outputs from cluster production were significantly higher than the farmers' ones. Farmers' answers regarding effective or expected growth in productivity rates following cluster creation, revealed a widespread positive tendency in three out of every four cases, and no answers or decreasing trends from the remaining ones. 16 respondents from the first group provided unreliable data on the expected or effective cluster yields: these exceeded the rest of the community and the zone average by too much to be considered reliable.²¹⁴ It may be said that this tendency is the result of a methodological limit in the semi-structured interviews and focus group discussions conducted with farmers who were often gathered by the DAs, and probably selected among the ones with the best performance and who accepted the experts' suggestions. Having acknowledged this possibility, the data gathered and the bias itself may

²¹³ - Following the party and the state's administration structures, each board is accountable for the lower levels, and therefore exercises a strong control over their performances, keeping decentralized decisions within defined limits.

²¹⁴ - Among these, sorghum crop was expected to reach 35-40 qt/ha, teff 28-30 qt/ha and wheat 40 qt/ha; average yields in South Wollo reported by the Zone Office of Agriculture estimated 24, 15 and 20 qt/ha respectively. It is worth mentioning that 10 out of these 16 responses were surveyed in Abaso Qotu, the only place where the DA held a private meeting with the gathered farmers after having been informed about the research topics, before the interviews were held.

also be explained from a more valuable perspective. Cluster implementation may indeed be embedded in the pervasive commitment to development pursued in different ways by the developmental states, according to which civil servants and farmers are exposed to a control system exerted through local officials and cluster leaders. Hence, the overestimation of some of the surveyed responses may be interpreted as the result of the significant pressure exerted by higher government tiers on the implementers, thus increasing their tendency to present a positive and optimistic interpretation of their achievements.

3.5.2. *The Purposes and the Selection Process*

Agricultural cluster implementation in South Wollo is influenced heavily by its agroecological conditions. The analysed clusters were, accordingly, focused primarily on the food security aspects, and aimed mainly at the production-side of the agricultural chain. The implementation strategy was indeed tailored on the application of comprehensive packages of improved inputs, on the creation of a hierarchical coordination and control system among producers and, only marginally, on the promotion of market linkages. This could be seen clearly in Tahuladere, where clusters' sole purpose was to solve the food poverty problem. In the other surveyed *woreda* as well, officials expected a significant improvement in food supply volumes available to local markets from the establishment of clusters, with positive consequences in terms of food security access, utilization and stability. In addition, many officials claimed that the aggregation of production patterns entailed benefits in terms of market linkages and value addition activities, but only very few successful cases were reported at the time of the survey. Despite similar narratives, implementation goals and strategies, this evidence clashes with the framework depicted by the ATA in the ACC: agricultural clusters are therefore part of the broad transformational agenda, which applies to both food surplus and food deficit areas.

As shown in table 2, data gathered from the interviewed extension workers reveals that cluster average extension covered (after overestimated data adjustment) between 40 and 60 percent of the *kebele* total crop land. In the surveyed areas, clustering started in very recent years: between 2013 and 2016 in all but two *kebele*, Addis Mender and Adarash where the program started in 2011. All the interviewed officials reported that it was started upon recommendations coming from the Regional or Woreda Offices of Agriculture, but none admitted the participation of the zone government; this finding is consistent with less recent researches on decentralization in Ethiopia, which explored the greater role played by the district administrations, as a consequence of new legislations issued in the early 2000s (WB 2001; Kena 2016). Directions were spread mainly through training and meetings, without issuing any declaration or detailed guideline. With the only exception of Takake, in all the surveyed *kebele* the targeted land and commodities were selected by *woreda* experts and DAs, without any relevant public consultation. As seen in the cases of Hitacha and Wohilo, this has not led to the selection of the crops

with the highest growth and income generation potential for farmers, and has created some discontent. In Gobeya and Addis Mender, farmers reportedly refused because their land was not suitable for the commodity selected; in some cases, the farmers were able to resist, in others, the DAs forced them to comply. In Wodajo, Abaso Qotu and Segno Gobeya many complained about the mandatory application of inputs and labour-intensive cultivation practices required by the clusters. Farmers' negative attitude toward clusters was found also in Hawi: the conversation with the DA and a representative of the Woreda Office of Agriculture revealed that in 2015 the suitable area was identified only by GPS, while in 2016 the selection involved also local farmer participation. As a consequence of this change in the selection process, the 650 ha targeted for teff clusters in 2015 declined to 212 in 2016, and the 320 ha identified for wheat clusters were adjusted to 144 ha in 2016. Therefore, this finding suggests that, when given a chance to choose their farming patterns, many farmers did not accept to subordinate their land to the clusters' rules.

These cases disclose that the land and commodity selection process has been carried out mainly through a top-down approach which has rarely called for the participation of the farmers involved. Cluster creation requires targeted areas to have similar agroecological and topographical conditions, and to be adjacent or neighboring, in order to allow an easier large-scale application of the same inputs and technologies. Since South Wollo's crop land is highly fragmented into small parcels and plots "owned" by different farmers, a vast and uniform acceptance of cluster regulations is required from all the farmers in the targeted areas, because even isolated discontinuities may hamper the performance of large scale cultivations. The rationale behind this form of collectivization was explained by the Head of the Zone Office of Agriculture,²¹⁵ who claimed that in order to plough, sow, fertilize apply pesticides and for many other activities to be carried out in a modern and effective form, land cannot be fragmented into small and diversified plots. Accordingly, the field visits revealed that the farmers who owned plots on the targeted land were convinced about the benefits of clusters through training and meetings, or else forcefully included with threats and violence. However, it should be said that farmer inclusion in the selection process would have probably entailed a more favorable context for implementation: a more profitable commodity selection, an improved attitude toward collaboration between farmers, and (conceivably) greater benefits in terms of outputs and revenue.

3.5.3. *Agricultural Inputs and Cultivation Patterns*

The fieldwork reveals that a relevant part of the cluster creation process was driven by the extension system and its implementers. After having targeted land and crops, the *woreda* and *kebele* offices of agriculture and the DAs informed the farmers about the type of inputs required for cluster cultivation

²¹⁵ - Interview with Mesfin Dagne.

and controlled their application. The recommended improved seeds were sold by the primary cooperatives, the *kebele* offices and the local markets, or in some cases distributed by associations and institutes for seed multiplication, or local NGOs: the Wollo University in Hitacha and Hawi, the AMELD in Jari, FAO and Concern Worldwide in Wodajo, Srinka in Takake and Wodajo. This proves that many governmental and non-governmental entities are involved in a synergetic effort aimed at the selected crop specialization of targeted farmers and areas. For some of the interviewed farmers in Jari, Gobeya, Hitacha and Takake, the possibility to receive free or under-priced seeds was an incentive to join the clusters. Despite the significant emphasis conveyed to farmers by the DAs, on the benefits linked to the use of improved seeds, only one of the interviewed farmers defined it as an obligation imposed on them; all the others declared that the quality of the seeds to be sown was their free choice.

Clusters entailed an important change for farmers: out of a total of 31 surveyed farmers who used to sow non-hybrid seeds (collected from local markets or saved from their last production) before joining the clusters, 24 declared that they had since then purchased improved qualities, and mainly from cooperatives.²¹⁶ This represents a crucial achievement for cluster establishment, and confirms also the enhanced role appointed to primary cooperatives to improve the quality of applied inputs, for the development of the agricultural sector; which is strengthened by data according to which the remaining 64 interviewed farmers already purchased their seeds from the cooperatives. However, in some cases improved seeds and expert indications on cluster cultivating patterns have proven detrimental for farmers: as claimed by a Qalu official and some of the farmers interviewed, the seeds allocated by the experts were not always suitable for the targeted land. In addition, compared to local breeds, the quality of the seeds recommended by the agricultural experts required a greater application of complex fertilizers in order to be productive, and their purchase was considered a heavy burden in almost every surveyed *kebele*, with prices in the area ranging from 1200 birr/qt to 1400 birr/qt. The only legal way to purchase fertilizers is through governmental entities (primary cooperatives and *kebele* offices), but an active unofficial market has surfaced from the interviews in Hitacha, where fertilizers are sold at a considerably cheaper price than the cooperatives': 800 birr/qt.

With the only exception of Wohilo and Jari, in all the *kebele* farmers claimed that fertilizer prices had increased significantly in the last years. When savings made it possible, all the surveyed farmers preferred to buy fertilizers with cash, in order to avoid the high interest rates offered by local credit institutions. Some surveyed farmers in Takake and Segno Gobeya stated that the purchase of fertilizers was an obligation imposed by the experts and that came with coercive sanctions by local officials and officers. In addition, informants claimed that fertilizers were required by the new qualities of seeds sown within the clusters, without which no yield could be achieved. Therefore, because of *gedeta* or as a

²¹⁶ - The only opposite trend was observed in Gobeya, a particular case as seen above, where the interviewed farmers shifted from collecting seeds from the cooperative, to purchasing them from local markets, because of cheaper prices.

consequence of combined changes in agricultural patterns, cluster creation has obviously increased farmer dependence on fertilizers. What surfaced from some focus group discussions was that some of the most vulnerable farmers were forced to sell their cattle prematurely in order to buy the imposed quantity of fertilizers. In addition, as already seen, these complex fertilizers were considered responsible for soil depletion.

As observed earlier, in the targeted areas the experts recommended - more or less compulsorily - the application of equal agricultural inputs to foster and specialize their support services and shift toward monocropping. In view of productivity enhancement and to obtain scale economies, cluster creation also included a transformation of some of the cultivation methods, so as to: follow a common schedule, collaborate at the most demanding tasks, plough the land multiple times, sow on line, weed and defend the land from pests and invasive animals. According to findings from the field visits, cluster farmers benefited from the positive attitude towards cooperation, that was promoted by the extension workers. As discovered by several studies, peasants in South Wollo are traditionally used to many forms of collaboration, sharecropping and agreements as coping strategies against eventual scarce land, cattle or labour entitlements, or else in the case of remarkably high performing farming households (Ege, Aspen 2003).

However, as reported by the Qalu's official, in some cases expert recommendations regarding the schedule have not proven effective. In addition, sowing on line turned out to be a very labour-intense task, for which almost 100% of the interviewed cluster farmers (92, out of the 95 interviewed) complained of manpower shortage, thus forcing many of the most vulnerable farming households in Addis Mender and Segno Gobeya to share their outputs with workers they had to hire for this purpose. Therefore, although more in depth research is needed on this issue, according to the field visits, cluster implementation has been particularly challenging for the most vulnerable farmers, the ones possessing less land, capital and labour force. In addition to the burden experienced to sow on line, evidence from Takake and Segno Gobeya confirmed that the poorest farmers faced major obstacles to obtain the required fertilizers. At the same time, less land-endowed farmers in Addis Mender did not purchase high quality seeds and were excluded from the distribution of free seeds by Srinka in Takake. Hence, the information gathered suggests that, in line with the studies by Lefort (2012) and Chinigò (2015), the current rural and agricultural development patterns are shaped by an ongoing differentiation process of the Ethiopian peasantry. As evidence may confirm, the implementation of agricultural clusters is seemingly promoting an economic differentiation mechanism, by which more endowed farmers are better able to fulfill cluster regulation requirements, and to make a profit from them.

3.5.4. Leaders and Development Groups

Furthermore, the coordination and monitoring system promoted among clusters - to boost agrarian economy transformation and for the rapid achievement of the objectives set by the developmental project - is developing social differentiation mechanisms among the peasantries. In all but one surveyed *kebele* (Takake) the DAs and the *woreda* officials promoted the selection of one or more people in charge of coordinating, monitoring and fostering the execution of the cultivation practices designed by the extension workers. As reported in previous sections, the organization of the clusters' leaders had differing degrees of complexity, the highest of which was observed in Segno Gobeya. Out of the 92 surveyed cluster farmers, 23 were leaders of clusters or sub-clusters of varying extension, ranging from 8 to 500 farming households. Cluster leaders were selected according to some common criteria: agricultural performance, education and role in the *kebele* administration. From an aggregated point of view, those leading the largest groups of households also had a role in *kebele* administration as local militia, tax collector and public works' manager. In most cases they also happened to be connected to the ruling party: in Hitacha, Jari, Wodajo, Addis Mender, Abaso Qotu, Adarash and Segno Gobeya the leaders in charge of the highest number of households were also active party members or showed a general allegiance to *mengistu*.²¹⁷ Data collected also showed that leaders owned larger plots of crop land: an average 0.89 ha, compared to the 0.71 ha of non-leaders (data includes non-clusterized farmers). According to the interviews, the agricultural experts and *kebele* authorities chose the candidates to be elected as leaders by the farmers, or appointed them directly: of the 69 non-leading farmers interviewed, only 15 confirmed that they had participated in the election process, while the majority proved to have been unaware of the selection process, or was not given the possibility to participate in the elections.

At the same time, in all the surveyed *kebele* informants and farmers declared that 1 to 5 teams and development groups had an active role in promoting collaboration among farmers and the application of agricultural experts and *kebele* authority guidelines for rural and agricultural development initiatives. However, inquiries on the specific contribution required of these two forms of sub-*kebele* organization in the implementation of clusters yielded different answers depending on the *kebele*: a direct involvement of 1 to 5 teams in the development of clusters was explicitly stated by respondents in Wohilo, Abaso Qotu, Segno Gobeya and Takake, where their role was given great importance due to the absence of other leaders; in Adarash the number of development groups had reportedly increased after the establishment of clusters; in all the other cases, there was no change in the number or the

²¹⁷ - A methodological remark is worth explaining here. One of the purposes of the survey was to study if and how the developmental narrative was replicated in rural politics with cluster creation. As pointed out by Prof. Ege – who has been conducting researches in the area for many years in the last two decades - during one of the very useful talks we had at the Norwegian University of Science and Technology, in South Wollo peasants have often become party members without their consent or even awareness. Therefore, the questions and the focus group discussions were designed in order to make individual allegiance to *mengistu*'s politics appear by testing the respondents' assessment of: land administration practices, cluster-related initiatives and rural development activities; only in the cases where allegiance was clearly stated by the answers, was the membership to the Amhara National Democratic Movement questioned directly to confirm these opinions.

functions of 1 to 5 teams or the development groups. Data gathered from the South Wollo Office of Agriculture confirmed that 1 to 5 teams and development groups were the most common sub-*kebele* organizations for rural and agricultural development affairs in the area. The interviewed informants at the Office pointed out a full list of tasks each group and team leader was supposed to perform: to identify the members, list and rank them according to their agricultural input and technology use, and report them to the Kebele Office of Agriculture; to evaluate the daily, weekly and monthly progress related to soil and water conservation activities and agricultural input application; to assemble its members for training and meetings; to mobilize them for any rural and agricultural development activities requested by the Kebele Office of Agriculture, and report any progress on a weekly basis; to spread messages and information sent down by *woreda*, zone or regional administrations; to participate to *kebele* development planning, monitoring and evaluation meetings; to pick out households for safety net transfers, identify the number of clients for public works, and assist in coordinating the PSNP activities with other development operations in the *kebele*.

Insofar as this long list of duties is actually implemented, some of the activities requested can barely be separated from cluster creation. Further research is required to assess the issue with greater certainty. Several studies explored the recent diffusion of sub-*kebele* organizations as agricultural extension and political control instruments in view of the dissemination of developmental hegemony (Emmeneger *et al.* 2011; Dessalegn 2008b; Fana 2014; Chinigò, Fantini 2015; HRW 2010; Vaughan 2011). Based on this evidence, there is reason to believe that the more clusters will develop and scatter, the more the leader, sub-leader, and multilevel committee system will be boosted for monitoring purposes. Evidence therefore confirms that the cluster development process is transforming social relations among the peasantry, by fostering the differentiation between a small (but growing) group of better-off and politically aligned peasants, and a subordinated peasant majority.

3.5.5. *Monocropping and Food Security*

As learned from the interviews and field visits, the rationale for clustering in South Wollo is associated to the benefit obtained with extensive monocrop cultivations: changing farmers' attitude toward monocropping was indeed declared by the Head of the Zone Office of Agriculture, as one of the foremost goals to be pursued by clusters. Through the extensive application of common agricultural inputs and similar cultivation methods on large targeted areas and groups of farmers, the cluster strategy is aimed at generating the benefits enjoyed by farming estates and large-scale collective productions. By pursuing *specialization* (instead of *diversification*) clusters are supposed to generate surplus production, to be channelled through government-led agro-industrial linkages for value addition, import substitution and export. However, pursuing the shift toward monocrop production in South Wollo is a very challenging goal since diversification is a proven coping strategy used by farmers in the area as a safety net against

failed cultivations caused by disease or scarce rains (Ege, Aspen 2003). Hence, shifting to monocrop production hampers the application of these coping strategies and leaves peasants vulnerable to food insecurity. As a consequence, unless smallholding farmers are able to develop new livelihood strategies, the avoidance of tragic consequences in the event of failed cultivations must rely once again on the government's disaster prevention, preparedness and response capacity.

The perception of these impacts on food security has been analysed during the fieldwork. About 56% of the interviewed farmers (without considering the three non-cluster farmers) declared they used to diversify their production more before cluster implementation: a lower diversification entailed less types of cereals, pulses and vegetables being planted, as well as less differentiated seed varieties for the same crop. 12% of the total interviewed farmers affirmed they could not cultivate anything other than the cluster crop. Farmer level data reveal that there is an inverse relationship between the share of land destined to clusters, and the change in crop diversification: for 51 peasants who declared a decline in diversification caused by clusters, the average land assigned to the cluster crop was 75% of the total, 60% for those who hadn't experienced that decrease. Moreover, of 33 farmers whose land was destined entirely to clusters, 21 declared a decrease in diversification.

Peasants showed an overall positive attitude toward the possibility of a cluster crop failure, *vis-à-vis* a food insecurity risk. The trust on expert instructions, the possibility to recover from failures with supplementary crops during *belg*, the availability of land not included in the clusters and of additional land,²¹⁸ and a widespread confidence in the government's support in case of need were claimed to be the main instruments for recovery in case of failure. Assessing cluster performance from an agrarian perspective is beyond this study's objective, however major issues arise from the transformation of peasant coping strategies caused by the current cluster implementation process, and are worth mentioning. First, the possibility of a food deficit rescue in case of cluster crop failure, with other crops cultivated during *belg*, does not reduce the economic loss, nor household vulnerability to food insecurity associated with monocropping. In addition, as already said, *belg* rainfalls are generally not suitable throughout the South Wollo territory and are becoming progressively more unreliable. Secondly, the presence of other non-clusterized land goes against the policy's declared target- that calls for a full cluster coverage of the area - and it raises major concerns about the project's planned expansion. Thirdly, the faith in *mengistu's* responsiveness is emblematic of the patron-client relationships that shape peasant-state ties and demands a complementary support system from the government. Therefore, it can be said that evidence from the field reveal that shifting to monocropping cultivations in food deficit and

²¹⁸ - In addition to the land destined exclusively to crop cultivation, peasants usually own a tiny amount of land around their houses, used for various household living activities, to keep poultry and other small farm animals, and occasionally a vegetable garden for self-consumption. The availability of this additional land may constitute a very extreme livelihood asset, and it may have contributed to appease farmers' worries associated with decreased diversification.

drought-prone areas is a highly risky process, that requires investing major capacities and resources in an extensive and efficient disaster prevention, preparedness and responsiveness system.

3.5.6. *Commercialization through aggregation*

Findings from the interviews revealed that, in addition to food security, the shift to the monocropping system in South Wollo is expected to increase smallholding farmer productivity to enhance commercialization and promote value addition. In spite of these objectives, evidence from the field revealed that the possibilities for surplus production and relative post-harvest value addition in South Wollo were very limited. In 2015, only marginal shares of production from Dessie Zuria and Were Ilu supplied the breweries in Debre Birhan and Kombolcha, or were sold to other food deficit *woreda*, and very limited quantities were collected from the surveyed *kebele* in Qalu by government-owned seed multiplication associations: the Amhara Seeds Enterprise and Srinka. In none of these cases, were the farmers able to draw up formal agreements with the buyers, instead all transactions were negotiated in an improvised manner. Although the establishment of clusters did not entail a significant transformation in this sense by the time of the survey, the main strategy intended to promote agro-based value chains surfaced from the field visits.

What was discovered with the fieldwork is that the surplus created by the clusters is supposed to be managed by the state apparatus through its local *kebele* and *woreda* level implementers. *Kebele* offices and primary cooperatives are in charge of aggregating the production and starting a primary transformation of the raw materials, or to channel it through value chains, or to send it to the *woreda* boards, that are then responsible for its redistribution to food deficit areas. In addition to their role in input distribution, primary cooperatives are thus assigned a significant task in implementing the aggregation, promoting market linkages or creating directly value addition, as planned by the federal cooperative development strategy that was analyzed earlier on. This plan surfaced from the interview with Dessie Zuria and Wegdi officials, personal communications with Wollo University researchers, and interviews with DAs in Wohilo, Addis Mender, Abaso Qotu, Adarash and Segno Gobeya. In the individual interviews, the DAs expressed their intention to instruct farmers to sell to cooperatives, as indicated by *woreda* and regional experts. In the same *kebele*, the indications also rose scattered from the focus group discussions conducted: some of the participants declared they had been instructed by *kebele* authorities and the DAs to sell their surplus production to the local cooperative, while others mentioned industries, seed multiplication associations and local markets as primary targets. In Hawi the *woreda* official interviewed stated there were two multipurpose cooperatives in the area that were purchasing part of the cluster farmers outputs, to sell to local markets or channel to transforming

companies in Addis Ababa.²¹⁹ In all the other abovementioned cases, the marketing role appointed to the cooperatives was clearly outlined in the interviews, even though the system was declared not developed yet. Instead, in the remaining *kebele* the cooperatives were not assigned any specific functions in post-harvest activities, but the state's intervention was nevertheless included in other ways in the cluster marketing strategy. In Hitacha for instance, the government-owned AMELD collected seeds from the cluster peasants; in Jari officials from the regional government promised to build roads to connect the mango cluster to the markets.

Therefore, as the case studies reveal, the clustering project includes a structural and direct participation of the government to connect the production to the markets. However, at the time of the survey very little evidence of this system's operation mode could be seen, because the lack of financial and organizational resources hampered its implementation. In Segno Gobeya and Adarash, where cluster surplus production was achieved, but government participation in channeling to the market was not effective (and the farmers could not direct their production to a local processing industry because of the low quality of their outputs) the increased production determined the inflow of significant quantities of outputs on the local markets, which led to market saturation and had a negative effect on selling prices. In this top-down governance and command economy system, proper attention needs to be focused on the urgency to provide a market outlet for the mono-varied production generated through clusters, without which negative economic impacts are to be expected. As the fieldwork demonstrates, clustering in South Wollo is currently being implemented without having invested sufficient efforts in the creation of efficient marketing connections and issuing clear regulations on contractual agreements, which are nevertheless fundamental for the proper functioning of the cluster system, and must not be ignored when implementing clusters.

4. *Agricultural Clusters and the Ethiopian Way*

The information from field visit surveys, interviews, focus group discussions and personal communications in South Wollo, reveals that in the last few years government officials and DAs have started the implementation of cluster-based initiatives for agricultural transformation. These initiatives are intended mainly for the smallholder farming community, which constitutes the bulk of the area's agricultural producers, and their main purpose is to intensify crop production and foster commercialization. In the surveyed *kebele* and *woreda*, the implementation of the cluster-based initiatives follows similar patterns: commodity and area selection based on their growth potential and development impact, promotion of farmers' adoption of improved agricultural inputs and farming

²¹⁹ - Interview with Asafa, Woreda Office of Agriculture, 4 August 2016, Hawi kebele.

practices, and promotion of market linkages. The expected impacts on the community include: increased food security, poverty reduction and higher incomes from agriculture.

In this study, clusters have been identified as major drivers for change in agrarian Ethiopia, and therefore considered as useful analysis tools for the broader agrarian transformation process. The study of agricultural clusters in contemporary Ethiopia focused initially on a large-scale analysis, aimed at exploring the rationale, determiners, stakeholders, objectives and strategies of the cluster-based initiatives currently adopted nationwide. Subsequently, by examining specific cases, the analysis has investigated the implementation process of agricultural clusters on a smaller scale, in selected *kebele* in South Wollo. Using the findings from both levels of analysis, and considering the relevancy of the historical trajectory outlined so far, this conclusive section is aimed at defining the model of agrarian transformation that is currently appearing, and discussing possible future scenarios.

4.1. South Wollo's Clusters in the National Framework

In previous sections the study verified that cluster-based initiatives for agricultural development have been set up recently by the GoE, as a follow-up and scale-up of the agricultural transformation trajectory started in the early 2000s with the RDPS. The ACC and the AGP indeed show a current preference for geographically-focused and value-chain oriented interventions, which take inspiration from successful spatial development initiatives carried out in other continents and economic sectors. The Republic of Korea, Brazil, Chile, Mexico, India, Kenya and Nigeria are among the successful countries that the ATA explicitly refers to for the design of the ACC.²²⁰ Moreover, other SSA countries have already been mentioned in chapter 1 for the economic externalities and development contributions resulting from the concentration of production processes, companies, innovation hubs, infrastructural facilities and special trade policies in selected locations: Kenya, Tanzania, Mozambique and South Africa to name some (Gálvez-Nogales 2014; Zeng 2008). Many of these cases have definitely influenced the creation of this development policy for both the agricultural and industrial sectors in Ethiopia, that has been carried out in collaboration with international development partners: mainly the UNIDO, WB and FAO.

Although the agricultural clusters discovered and analyzed in South Wollo are not part of the ACC,²²¹ they reveal a very similar theoretical approach, objectives and overall design. Clusters in South Wollo and in the ACC promote the concentration of extension system efforts, and agricultural cultivation inputs and patterns based on potential commodities and geographic areas. Moreover, following the mainstream cluster approach method, both promote the collaboration of actors throughout the farming value-chains

²²⁰ - ATA, *National Framework for Agriculture Commercialization Clusters in Ethiopia. Concept, Vision, Strategic Interventions and Implementation Framework*, Ethiopian Agricultural Transformation Agency, unpublished draft

²²¹ - The Zone is not part of the *woreda* targeted by the AGP I and II neither (WB 2010, 2015).

as an instrument to strengthen horizontal linkages and take advantage of collective actions; both aim at fostering cooperation among producers, and scaling-up the use of innovative farming practices and inputs. Furthermore, both consider the smallholder farming community as the main target for their interventions, and envisage very ambitious expectations in terms of geographical extension, and in terms of impact on agricultural transformation and economic growth.

Despite these planning similarities, the analysis of the implementation process conducted in South Wollo reveals many inconsistencies with the framework designed for the ACC. The ACC initiative constitutes the main instrument created by the GoE and the ATA to engender commercialization methods in the smallholder farmer subsector, and at the same time create opportunities to connect them with agro-industries and global agri-food value chains. In addition, the planned ACC interventions require a complex institutional setting to coordinate foreign capital, development partners and public sector participation.

Instead, in South Wollo, clusters are focused mainly on increasing food availability and the marketed share of total outputs, and very limited actions are taken towards promoting value-adding activities, upgrading rural markets, or strengthening the connection with agro-industries and international markets. Hence, evidence reveals that the establishment of agricultural clusters in South Wollo has not been complemented with any rural transformation centres or other structured collection and primary crop transformation systems. Furthermore, there is very limited coordination with development partners, and there is evidence to the fact that local government representatives have not fostered contract formalization in the already existing (though limited) cases of out-grower schemes. Therefore, the findings from South Wollo suggest that the limited emphasis on the marketing-side of the agricultural chain – which characterizes the GoE's approach to agricultural development so far -, has not changed with the introduction of the cluster approach. As confirmed by the case studies, agricultural cooperatives constitute the only organizational structure to which this mandate is entrusted, but evidence from the zone seem to suggest that their actual functions are extremely limited, and no relevant change has been noticed so far.

The findings from South Wollo constitute a unique source to help to understand some of the major dynamics of agrarian transformation brought about by cluster-based initiatives in present day Ethiopia. Since South Wollo is not included among the ACC selected *woreda*, differences between the two cluster-based initiatives are to be expected and are not worth assessing any further. However, because of the similarities characterizing the initiatives mentioned earlier, the agrarian transformation mechanisms found in South Wollo are most likely to be found also in the ACC context; and since so far no empirical research has been conducted on the ACC, this innovative study might constitute a milestone for further in-depth analysis. In addition, inasmuch as the cluster approach is coming to the fore of the transformational agenda even in areas and institutional realms unrelated to the ACC, similar dynamics

are most likely to be replicated elsewhere in the country and are therefore worth taking into consideration for policy implications and for the agrarian change debate.

The coming sections will explore the direction of the transformation processes started by the cluster-based initiatives in South Wollo and their significance in the Ethiopian model of agrarian transition. Before beginning this analysis, it is worth mentioning that evidence from South Wollo suggests that the current establishment of agricultural clusters in Ethiopia is lacking many of the determiners for success identified by relevant literature on the topic. A complete assessment of the policy's impacts is beyond the objectives set for this work. However, comparing the essentials of the GoE's pathway with the indications provided by recent studies - often conducted by the GoE's development partners themselves - helps to define some of the fundamentals of the Ethiopian way to agrarian transformation.

According to the mainstream cluster theory, these are intended primarily to promote competition and cooperation among neighbouring actors to spur innovation, take advantage of collective actions, and generate economic externalities (Porter 1990, 1998). Proximity and collaboration are essential elements in the strategy implemented in South Wollo: clusters are made of adjacent plots (*kuta gettem*), collaboration between farmers is necessary to carry out specific farming practices (for instance, sowing on line) and it is promoted through the creation of development groups and the alleged enhancement of agricultural cooperatives. Instead, competition does not appear to be an agricultural cluster distinctive target, given that the share of marketed outputs is generally low. Innovation is on the other hand a fundamental cluster element since extension workers promote the adoption of improved inputs and cultivation practices. Nevertheless, innovation does not arise from a stronger competition, nor from a close and bidirectional relation between actors spread out vertically along the value chain. Knowledge externalities are not created but imposed from the top. It is more the effect of a one-way technology transfer imposed through state-led structures and agents. As a result, knowledge externalities that could be achieved in a more flexible and competitive organizational structure (McCormick, Oyelaran-Oyeyinka 2007), do not have the proper set up to develop.

From the literature review seen briefly in chapter 1, it seems that most of the successful clusters implemented in the African continent - for instance in Kenya, Nigeria, Uganda, Tanzania and South Africa - came as a result of the spontaneous agglomeration of enterprises and other related actors, which subsequently benefited from government support (Zeng 2008). Instead, agricultural clusters in South Wollo have been created "from scratch" (Gálvez-Nogales 2010) by local administrators and extension workers, upon policy decisions taken at federal and regional levels. As a result, their performance is closely connected to the adjustment of government-led development initiatives to help overcome structural hurdles on infrastructures, rural finance constraints, market information system, and the creation of value addition through private and/or foreign investments. Nevertheless, in most of the surveyed cases the targeted areas lacked the basic marketing structures such as storage facilities, processing industries, collectors and traders with medium- to large-scale capacity, and rural finance

institutions. Therefore, the decision to create clusters in these areas requires strong public investment and commitment that will need to go beyond the promotion of an enabling environment.²²² However, for the time being, clusters in South Wollo have benefited solely from a considerable boost from the extension system.

In accordance with FAO indications, clusters in South Wollo have considered food security issues and have involved local government in the implementation process (Gálvez-Nogales 2010). Regarding the first element, the selection of a varied crop basket and mixed cropping have usually led to low rates of farmer vulnerability to price drops or crop diseases (Clark *et al.* 2015). Although clusters in South Wollo are explicitly intended to contribute to food insecurity relief, the alleged intention to shift farmer attitude toward monocropping collides with this principle, causes concern, and increases farmer dependence on government support.

As for the second element, the fieldwork revealed that very often the top-down selection of areas and commodities has failed to identify the most proficient crops, and even the most suitable areas. Top-down and one-size-fits-all approaches have been repeatedly discredited by most of the relevant literature for not allowing adequate flexibility and participation from the private sector (Gálvez-Nogales 2010). The literature suggests that more transparent and open decision-making processes generally lead to more positive results. Nevertheless, as seen in South Wollo, the cluster implementation process is carried out mainly through government offices and personnel, following indications coming from top-ranking policy posts, thus becoming mandatory for the subordinates. At the same time, the private sector's contribution is almost null in creating value addition or in farming chain phases other than production.

To wrap up the section, there is another major divergence from mainstream cluster literature in South Wollo's experience. Analysts found that in developing countries, clusters were more proficient at dealing with high-value and export-oriented agricultural products, when there were trade networks that connected them to sizeable distant markets (Gálvez-Nogales 2010; Schmitz, Nadvi 1999; Schmitz 1999). In fact, in developing countries domestic markets are usually characterized by a low degree of integration and flexibility, which influences and slows down their capacity to adapt to supply changes. The commodities selected for South Wollo did not match these characteristics because in most cases they were staple crops for local markets or to be redistributed in the zone. As a consequence, in areas where cluster establishment had produced considerable surplus, local markets suffered the collapse of selling prices, with detrimental effects on farmer incomes.

The similarities and divergences observed in this section between the cluster creation process found in South Wollo, the ACC, and the theoretical framework based on international best practices, suggest

²²² - According to the WB (2012) and Zeng (2008), governments should foster the creation of an enabling environment for clusters' development, linked to: macroeconomic stability, regulatory and institutional frameworks, creating trust among actors, boosting business associations and issuing incentive-based policies.

three conclusive remarks. First, the South Wollo clusters' lack of crucial strategic and organizational elements definitely has a negative influence on their performance and, in some cases, is also responsible for the detrimental effects. These findings may not be applied to the ACC initiative, since a more complex set of policies and interventions is planned for that major program. Second, although there is no data on the extension and size of these nationwide agricultural clusters, the presence of agricultural clusters based on the ACC initiative in a food insecure area such as South Wollo, suggests that cluster-based initiatives are becoming a priority in the agricultural transformation agenda. Therefore, it is very likely that cluster-based initiatives will spread in other zones and regions, and that similar implementation patterns will be replicated. Third, these divergences highlight certain aspects of the Ethiopian agricultural development and agrarian transition model, that were discovered early on during the analysis of the trajectory of the past twenty years, such as: the primary and active role of the government in agricultural development, the integration of development and political objectives, the production control strategy for the sake of equity, the focus on the smallholder farmer subsector for the sector's upgrading, the neglect of market-related hurdles, the alleged role of cooperatives, the top-down approach toward development, the marginal role of the private sector. All these (and other) elements, that constitute the core of the Ethiopian trajectory for agrarian transformation, will be mentioned again and explored in greater depth in the following and conclusive sections.

4.2. *The Developmental State and the Agricultural Clusters*

The study of the agricultural cluster implementation process in South Wollo has showed a strong activism by the state's administration and agricultural extension structures. The state's protagonist role in agriculture had already been seen in earlier sections as an essential element of the developmental state. Exploring some of the fundamentals of the developmental state model performed in Ethiopia is a crucial step in the definition process of the Ethiopian way to agrarian transformation.

In the previously mentioned unpublished draft written by Meles, the former Prime Minister of Ethiopia declared the developmental state as the most suitable model for African governments, to escape from the dead end trap of the predatory state and the Washington consensus.²²³ Exploring the theory and practice of developing economies in Africa and elsewhere, on one side Meles indeed rallied against the patronage and rent-seeking behaviours of interventionist states. On the other, he demolished the neoliberal political economy model by claiming that the rational choice theory conflicted with the self-interest free attitude expected of the state apparatus, and that the market economy alone was not sufficient to achieve rapid growth and development. Instead, Meles attributed to the developmental state the capacity to create a proper combination of interventions and rules for a developing economy (Meles

²²³ - Meles Zenawi, *African Development: Dead Ends and New Beginnings*, preliminary draft, 2006.

2012). State interventions were considered a necessary condition to bring about technological change, a process that was not deemed possible by relying only on market forces. At the same time, only the developmental state was believed capable of promoting values and norms that went beyond self-interest and of boosting social capital accumulation: an essential element for development and rapid economic growth.

Taking the cue from the pioneer works of Johnson (1999), Evans (1995) and others, Meles (2012) stated that the developmental state has two components: ideology and structure. The former is based on the state's mission, rapid development, which constitutes the source of the state's actual legitimacy. The latter consists of the state's effective bureaucratic capacity to implement political, institutional and technical reforms, independently from the private sector's interests. As previous chapters have shown, these factors constituted the central elements of the state-building process the GoE has been following throughout the decades. Since the early 2000s, the development and poverty reduction imperatives became the sources of legitimation for the creation of a combination of market-led and state-driven reforms and policies. Rapid, social and equal development became the mainstream narratives of the government's political strategy, which took on the shape of a hegemonic ideological project. The EPRDF called for a coalition with the Ethiopian people and a collective mobilization for the developmental purpose (Vaughan 2011). From the private sector to state bureaucracy, the whole society was divided between those who contributed to the nation's development, the *lematawi* (developmental), and those who exploited the national resources for private interests, the *kiray sebsabi* ("rent seekers" or "rent collectors") (Fana 2014). The pragmatism of Lenin's democratic centralism was preferred to the factionalism of liberal democracies, and the EPRDF took on the role of a vanguard party aimed at boosting the peoples' organizational capacity for the implementation of the "revolutionary democracy".²²⁴

The hegemonic project was linked to the state's main role in promoting and implementing development. Once macroeconomic stability had been achieved, poverty reduction and development then became the main strategic objectives, which the "night watchmen state" envisaged by the neoliberal theory was not empowered to lead, according to the vanguard party. Meles (2012) claimed that a primary and autonomous role of the state in developing economies was justified by the risks connected to letting the private sector's pressures influence governmental policies. While the private sector is driven by the dogma of self-interests, governments instead are expected to make policy decisions for the benefit of the community. Therefore, autonomy and guiding interventions of the former over the latter are necessary conditions to attain social equality and rapid growth. These interventions may come in various forms: incentives, regulations, taxes and fees, licensing and many others. Furthermore, the state is expected to intervene directly in sectors that the state itself considers strategic to achieve development;

²²⁴ - See Aalen (2011) and EPRDF, *EPRDF Program*, 2005.

or in sectors where the private sector's contribution alone would not be sufficient, such as the technological capability accumulation one (Meles 2012).

The state's active role in the economy was analysed in previous sections: after the liberal reformism phase in the 1990s and following the *tehadso* phase, the EPRDF secured development politically and the government took the lead of the plan for the rapid transition toward "developmental capitalism".²²⁵ For instance, major regional parties kept the ownership of some leading companies, as was the case for the Endowment Fund for the Rehabilitation of Tigray, whose businesses were justified by their overall contribution to national development, and therefore supported with public funds (Plaut 2012). The GoE destined a considerable share of its overall public spending to building infrastructures, creating social development, engendering technological change and reducing poverty. The strategy obtained outstanding results, and was boosted further with the GTP I and II in view of the economy's structural transformation toward industrialization. Nevertheless, this rush toward developmental capitalism had some detrimental consequences for civil rights and democratic pluralism, and in many ways hampered the private sector's progress (Clapham 2017).

In line with the ADLI, the developmental state's activism was aimed primarily at the agricultural sector. The TGE inherited from the Derg a severely ailing agricultural sector, due mainly to persistent droughts, political instability and disastrous policies for agricultural socialisation and socialist transition. The TGE started a liberalisation period aimed at revamping private peasant holder production, restoring rural markets and obtaining the necessary international financial assistance. Nevertheless, at the turn of the millennium the reformist period was interrupted following a season of internal and external political instability that led to the start of the developmental state model. The endorsement of the model involved a reversal or interruption of some of the preceding reforms, in view of an enhanced state run rural and agricultural development trajectory. This could be clearly seen in the structures for import, production, distribution or export of agricultural inputs and products, that were in various ways brought under the almost exclusive control of public or semipublic entities: the AISE, ESE, ECX and EGTE. At the same time the GoE started to pursue the opportunities created by the global economy, and promote (and channel) foreign capital penetration in the growing domestic economy as an additional instrument to foster the strategy.

The agricultural clusters studied in South Wollo constitute the most recent step in the Ethiopian developmental state trajectory, whose main elements have been briefly recalled or explored in this section. On one side, this implies that the trajectory has influenced cluster design and implementation; and indeed this is confirmed by the fact that some of the main elements of the developmental state can be found in the cluster policies. On the other, because of the clusters' alleged transformational capacity,

²²⁵ - In mid 2000s "developmental capitalism" replaced the objective of socialist transition that still characterized the early ideological narrative of the EPRDF (Vaughan 2011).

these may need to be addressed as a step forward in the trajectory itself, and therefore considering the effect that their implementation may have on the Ethiopian developmental state.

Regarding the first issue, many of the findings from South Wollo confirm that the governmental administration and extension system structures exert a widespread and prominent authority over the rural economy. This is performed in both the structural and ideological components of the model. Concerning the former, the agricultural clusters demonstrate the GoE has invested a considerable effort into transferring new farming technologies to the smallholder farming community, in line with the role demanded of the developmental state in promoting technological change (Johnson 1999; Meles 2012). This is performed with the delivery of different kinds of extension services offered by a remarkably large extension worker structure; and the provision of improved farming inputs, through a supply structure whose administration is almost exclusively run by the state. Furthermore, the most important role in collecting and distributing cluster outputs is appointed to the agricultural primary cooperatives that, according to recent studies, retain close connections with local administrators and are extremely dependent on governmental support (Delelegne *et al.* 2016).

As for the ideological component, the fieldwork revealed that the agricultural clusters are designed and planned for large scale implementation. In order for scale economies to be generated, the farmers of the targeted areas are all required to comply with the new farming rules, because each interruption reduces the profits of the whole cluster. At the same time, the study of the agricultural cluster implementation methods in South Wollo has demonstrated further the importance of massive compliance to the development purpose of the projects. The findings showed that farmers were sometimes forced to join the clusters or were subjected to pressure from the extension workers or governmental representatives, to abide by cluster rules. Farmers were also aggregated into different coordination structures (developmental groups, 1 to 5 teams, cluster groups) where they received advice from, and were subject to the control of, leaders who usually had close connections with the local government apparatus.

With all these factors the government retains a strong hold over the cluster creation and governance process, thus fulfilling the primary role accorded by the developmental state model. Therefore, it is worth inquiring about the impact of agricultural cluster creation on the trajectory of the Ethiopian developmental state. As conceived and carried out in South Wollo, and envisaged also by the ACC, in the event of success and expansion of the agricultural clusters in the country some major transformations are to be expected. These changes will most likely boost the structural transformation of the economy, and agriculture and its smallholder farmer backbone will most probably downgrade further their economic and political centrality.

This process has already been studied by many observers, according to whom the target of the developmental state has already shifted towards new entrepreneurs (Lefort 2012; Lavers 2012). Whether or not new actors are coming to the fore of the economic trajectory, new social categories are definitely

arising due to the influence of structural processes such as: population growth, migrations, urbanisation, landlessness, climate change, and so on.²²⁶ Moreover, the nationwide implementation of agricultural clusters is expected to combine with all these processes and to accelerate their impacts. The formation of these new social categories entails, new social needs and demands for the developmental state to address and to include in its hegemonic project. Therefore, although so far the centrality of the smallholder farming community has not changed substantially in relation to the cropping sector, and it remains at the centre of the political narrative; it is not to be excluded that its position *vis-à-vis* the economic and political agenda for development will change in the near future. Therefore, if clusters will be implemented successfully nationwide, this will most probably push both the structural and hegemonic components of the developmental state to adapt to the new circumstances.

4.3. *Agrarian Transformations and State-Peasant Relation*

The findings from the fieldwork revealed that the agricultural clusters may be interpreted as a tool in the hands of the GoE to direct and exert control over the economic structural transition and agricultural transformation process. As discussed in the previous section, governmental involvement is part of the political economy strategy envisaged by the developmental state. Furthermore, this strong presence of the state in the economy, and agriculture in particular, is also a heritage of the historical and ideological roots of the ruling coalition. As observed in chapter 2, the TPLF arose from a branch of the socialist movement that led the Derg to seize power in the country in mid-1970s. During the rebellion period, the TPLF developed a close connection with the peasantry in the north of the country that was later passed on to the TGE and the EPRDF. As this study has shown, this ideological attachment to the peasantry has shaped the whole Ethiopian trajectory up to nowadays. At the same time, although the socialist transition was officially abandoned, its legacies continued to influence the «strong sense of “ownership” of economic policies» that the WB observed in the GoE in the mid-1990s (WB 1997: 2). This section’s purpose is to analyse the current agrarian transformation process that arises from the observation of clusters and the study of the trajectory performed during the two decades of the EPRDF’s rule, from the state-peasant relation perspective.

4.3.1. *Land, Agriculture and Peasantry Under the Derg*

In order to do so, some of the major legacies of the Derg approach to agrarian transition are worth analysing briefly here. The February 1974 revolution was the result of the process of erosion of the

²²⁶ - See M. Rizzo, *Rural Wage Employment in Rwanda and Ethiopia: A Review of the Current Policy Neglect and a Framework to Begin Addressing It*, Working Paper No. 103, Policy Integration Department, International Labour Office, Geneva, May 2011.

Emperor's social base, caused by the accumulation of a wide range of factors including: complaints by a growing mass of educated students, resentment towards mandatory military service, trade unions' claims, recurring famines, growing urban unemployment, economic growth rate deceleration, instability of the international monetary system and the oil price increase of 1973 (Clapham 1988; Eshetu, Makonnen 1992). However, most of the political and economic instability could be attributed to the precarious conditions of the agrarian backbone. The pre-revolution period rural economy was composed mainly by tenant- and smallholding owner-cultivators, with relevant intra- and inter-regional distribution differences. Both suffered from an extreme condition of powerlessness and dependence on their landlords and high government officials, two conditions that were often found in the same person. Rent, taxes, tenure insecurity, extremely limited production capacities, constituted the main causes of peasant dependency (Dessalegn 1984). The military council that seized power in 1974 attempted immediately to put an end to these unbalanced power relations and unstable economic and political conditions.

Ethiopia Tikdem (Ethiopia First), the catch-all motto aimed at highlighting the utmost importance of the common good over special interests, constituted the essence of the statehood (Hansson 1995). On one side, this meant national unity instead of ethnic divisions and discrimination; social justice and equality instead of inequalities, exploitation and labour division; socialism instead of capitalist power and production relations. On the other, this involved a united effort to generate the resources required to boost economic development and improve the living standards of Ethiopians, to be achieved possibly through a command economy only, linked to centralized planning and resource allocation (Eshetu, Makonnen 1992). The entire production system was brought under the state's administration through the nationalization of former private companies and rural and urban land; the establishment of semi-public entities for the implementation of centralized surplus extraction, resource allocation and redistribution; the «encadrement» of citizens in control structures (Clapham 1988: 2002).

The agricultural sector, being the heart of the economy, was subject to a pervasive transformation project. State ownership of land was established in 1975 by the Provisional Military Administration Council, with the purpose to subvert the quasi-feudal land administration structure of the Imperial period, and allocate land on an equal basis. The Public Ownership of Rural Lands Proclamation n. 31/1975 stated in articles 3/1 and 3/2: «all rural land shall be collectively property of the Ethiopian people. (2) No person or business organization or any other organization shall hold rural land in private ownership» (PMAC 1975). The Proclamation established also the Peasant Associations (PAs): mass organisations constituted by every willing farmer - tenants, landless people, hired agricultural workers, owners with less than 10 ha – within an 800 ha area (art. 8, 9). PAs were appointed a wide range of functions and responsibilities: to distribute land, to administer public property, to establish judicial courts, to establish cooperatives, to contribute to social development, to undertake villagization (art. 10).

According to Dessalegn (1984), the land reform indeed abolished landlordism and tenancy in the country; and by transforming all rural producers into usufructuary land holders, it eliminated all differences related to the relationship between producers and the means of production. However, he claimed that, instead of effectively empowering the newly independent smallholders to become the major force in rural production, the reform set off some land fragmentation and peasant de-stratification processes that ultimately led to an “agrarian involution”: where peasants were concerned solely with self-subsistence (Dessalegn 1984). At the same time, the PAs soon became subjected to central control and management, exerted mainly through state and party hierarchy, through elections manipulation and regular involvement in daily activities (Clapham 1988). PAs became the bridge between peasants and the state since they were used to carry out various political functions: they were appointed the role of tax collectors, they were expected to eliminate resistance to change, they owned armed squads and run jails which ultimately turned them into «extensions of state power, rather than agencies for self-administration» (Clapham 1988: 161).

Overwhelmingly, the most important task appointed to the PAs was the distribution of land among their constituents. With the dismantlement of the quasi-feudal agrarian structure of the Imperial period, the land reform was expected to hand over to peasants the control of their means of production. Nevertheless, a few years after the revolution, the agricultural socialization project based on the Soviet model overcame the free smallholder production system that had arisen from the land reform. The transition to a socialist agriculture involved the imposition of collectivization, state farms, producer cooperatives, villagization and resettlements (Dessalegn 1993). Peasants were therefore subjected to policies that ultimately transformed public ownership of land into an instrument to clear areas and remove farmers from their land, and turned the PAs into the operative arm of the state. Estimates show that around 2 million rural dwellers were displaced for the establishment of state farms and cooperatives (Dessalegn 1993); and around 8 million living in scattered homesteads were arbitrarily relocated to centralized villages (Alemayehu 1990; Clapham 1988), without giving peasants the possibility to have their say in the decision-making process.

The transition to socialism trajectory expected agriculture and the peasantry to provide the required resources. During the Derg period, peasants were subjected to a taxation system consisting of: land use fees, taxes on agricultural income, taxes on agricultural product exports, “voluntary contributions”, levies for famines, and other smaller levies added by local officials. While Dessalegn (1993) claimed that these amounted to a third to half of a peasant’s annual cash income, Eshetu (1990) affirmed that these did not weigh excessively on peasants. Instead, all the analysts agreed that the most burdening instrument for surplus extraction designed by the Derg was the AMC: a state agency to whom private merchants, state farms and peasants from alleged surplus regions were obliged to sell a certain quota of grain at government set prices, which were lower than the markets’ (Eshetu 1990; Dessalegn 1993). The AMC was aimed at supplying grains to urban *kebele*, state enterprises and armed forces; but due to an

ineffective implementation and to unproductive marketing and pricing policies, it led to a deterioration of the agricultural terms of trade and contributed to the increase of the state budget deficit (Befekadu, Tesfaye 1990).

In the transition to agricultural socialism process, peasantry became the recipient of top-down directives coming from the central state. The socialist transition was influenced by the notion that collective and large-scale production was more efficient than private and small-scale. Therefore, major investments were destined to the establishment of state farms, villagization, resettlement and the producer cooperative promotion. Between 1980 and 1985 state farms absorbed around 64% of the annual state spending allocated to agriculture, but their contribution to the national food supply and total exports never went beyond 2 and 6 percent respectively (Dessalegn 1990). At the same time, cooperatives received exceptional political emphasis and hopes: agricultural cooperatives were established mainly in order to control agricultural marketing, avoid private wholesaling, improve production performance, up-scale outputs aggregation and fulfill national food requirements through the AMC (Brüne 1990). Members benefited from preferential treatment: they were allocated larger plots per head, they monopolized the extension services, they had preferential access to agricultural inputs and credit, they benefited from lower taxes, and other similar advantages (Clapham 1988). By 1993, over 50% of the PAs were expected to join cooperatives, but in 1990 the actual figure was 6.5% (Alemayehu 1992). Cooperatives have never been able to supply the expected contribution to national food sufficiency, in fact it never went beyond 2% of the total demand (Brüne 1990).

They have not been able to modify peasant attitude to cooperation and socialisation either, and by March 1990, three months after the beginning of a more market-friendly phase in Ethiopian politics, 95.7 percent of the total 3500 agricultural producer cooperatives were dissolved because of massive member withdrawal (Alemayehu 1992). Producer cooperatives were actually also political control structures: farmers were expected to participate voluntarily to cooperatives, but many peasants actually joined as a consequence of the pressure exerted by local authorities, or as a necessary condition to access basic goods like soap, salt and sugar, and services like schools, clinics, kindergartens and the water system (Alemayehu 1992). Indeed, a main element for cooperatives and collectivization was peasantry relocation to satisfy the transition process to socialism. This peasantry capturing process was conducted through the state-driven control of production means - carried out with land reform and collective forms of production – and through the massive presence of state and party officials in rural areas. This was pursued through the creation of a vast administration and governance system– PAs, *zematcha* participants,²²⁷ party cadres, armed forces and *kebele* officials – as well as by the creation of an embedded civil society: trade associations and trade unions run by the government (Clapham 1988). It was the result of «a project of *encadrement*, or incorporation into structures of control, which was

²²⁷ - Students from towns sent to the countryside to spread the ideology and practice of the revolution.

pursued with remarkable speed and ruthlessness. It sought to intensify the longstanding trajectory of centralized state formation by removing the perceived sources of peripheral discontent and espousing an ideal of nation-statehood in which citizens would equally be associated with, and subjected to, an omnipotent state» (Clapham 2002: 14).

4.3.2. *The EPRDF and the Peasantry, Lessons from South Wollo*

Recalling some of the main issues that have been highlighted, state-peasant relations during the Derg were influenced by an approach to development and agrarian change aimed at the achievement of a rapid modernization. Taking inspiration from the Soviet model of agrarian transition, smallholder farmers were considered inefficient development actors, and this made them suitable for their removal from the control of production means, through their inclusion into larger and more efficient production systems. Planners intended to pursue this objective by expanding governance and administration structures in rural areas, and by spreading mobilization and control through political, institutional and civil society means.

With the establishment of the FDRE and the EPRDF-led government, many of the fundamentals of the command economy were dismantled, and the position of the peasantry within the social and economic development strategy changed radically. Having acknowledged that collectivization had failed, the GoE began a trajectory of agricultural development based on the smallholder farmer upgrading. The extractive rural policy was abolished, along with the AMC and the quota system, many state farms were dismantled, and farmers were given the freedom of choice to participate in cooperatives, villagization and resettlement programs. These decisions were taken within the ADLI strategy context, that envisaged for agriculture - and smallholder farmers in particular – a leading role in generating economic growth and national food security, and setting off the industrialization process.

Although the agricultural and economic development pathway started by the ADLI and the GoE differed considerably from the Derg's, as seen in chapter 2, some of that trajectory's essentials reflected the state-peasant relations discussed in the previous section.²²⁸ The study of the post-1991 Ethiopian way to agrarian transformation, and the analysis of the strategy and implementation of cluster practice, have indeed revealed major trends of continuity with the past - in terms of state-peasant relations - that are analyzed in this section. It must be said that this long-term perspective provides useful elements to understand some of the issues arising from the observations, to interpret approaches and strategies for change, to define the essentials of the Ethiopian way, and to foresee possible future scenarios.

²²⁸ - The historical and ideological reasons that produced such a twin course of continuity and change with the Derg have already been discussed and are not worthy to recall.

The starting point for this analysis regards the issue of land ownership because it is the most evident sign of that continuity, and it constitutes a crucial element of agrarian transformation. At the time the TGE established its control over the country, the land issue debate came to the fore, fuelled by two diverging political theories. The first was embraced by those who endorsed the thesis of fairness and state protection against the negative effects of market forces, including the EPRDF; the opposite stance instead stood for land privatization, based on the efficiency principle and was backed by international donors, Ethiopian and international researchers and the Ethiopian Economic Association (Crewett, Korf 2008; EEA/EAPRI 2002). In the lack of any real popular consultations, the EPRDF's political will dominated the debate and public land ownership was ratified by article 40/3 of the 1995 Constitution: «The right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. Land is a common property of the Nations, Nationalities and Peoples of Ethiopia and shall not be subject to sale or to other means of exchange» (FDRE 1995). Peasants and pastoralists were granted the right to obtain land without payment, and to be protected from evictions and displacements (art. 40/4 and 40/5); but the «government» was legally conferred the right to «expropriate private property for public purposes», upon compensation (art. 40/8). Subsequently, Proclamation n. 89/1997 introduced the right to exchange, lease and bequeath land, labour and capital; massive certification programs were started by the main regions to strengthen farmer tenure security; and Proclamations during the 2000s fostered foreign and domestic investor land acquisitions for development purposes.

Therefore, betraying some historical legacies from the past, the GoE took upon itself and its regional counterparts, the authority to manage land on behalf of the people of Ethiopia, given their powerlessness and for their protection from the inequalities caused by market forces. Accordingly, at the beginning of the EPRDF's rule, smallholding farming households were considered the cornerstone of national food self-sufficiency and economic growth, and were therefore granted preferential treatment regarding land utilization and access, secondary only to the common good. Subsequently, with the support and influence of major international donors, land use limitations were partially lifted in order to revitalize the rural economy and promote agricultural development. However, in spite of the appearance of new actors and targets in the GoE's agenda, the state's leading position in terms of land governance and the submissive position of smallholder farmers versus the state, have not changed at all.

According to Dessalegn (2008b: 283), «[t]he control of the land and its products has been the source of class power and the basis of the hegemony of the state». As pointed out in previous sections, the federal and regional governments have extensive land control for the application of the developmental state's objectives.²²⁹ Land control is exerted through evictions, redistribution and allocations of land that is

²²⁹ - Although the Constitution considers land governance as one of the region's competences, land control is mainly in the hands of the federal government, whose exertion of authority can be seen clearly in dealing with the wave of large-scale investments experienced in the last decade.

considered unused or underexploited, to preferred target groups; and through the imposition of specific forms of land utilization. The former phenomenon has been seen consistently from the perspective of the so-called land grabbing that is unfolding in the country's lowlands and peripheral areas, and it proves a certain degree of continuity with the Derg since it copies its approach to development and accumulation by dispossession (Fana 2016). The latter has been seen in some state-led outgrowing schemes, which were basically forced on the farmers (Lavers 2012).

The second trend is also evident in the study of clusters in South Wollo, where land, agricultural inputs and manpower are submitted – not always voluntarily – to the state-driven cluster development project. According to the developmental state's essence, with the establishment of clusters the GoE is committed to find “the perfect combination of capital, labor and land”,²³⁰ that farmers are considered incapable of doing on their own. Indeed, findings revealed that farmers were expected - and therefore convinced or forced - to join the clusters and to follow precise instructions regarding: the cultivation of selected crops, the use of highly “recommended” agricultural inputs, the acceptance of cropping timelines, the participation in collaborative farming practices. Cluster farmers increased their dependency on government-supply chains regarding farming inputs and coping strategies, they were excluded from decision-making processes regarding farming patterns, and they were informed about the preferability of channelling their surplus towards organizations that kept close ties with the government (the cooperatives). Therefore, as long as the cluster project will continue to expand, smallholder farmer detachment from the control of production factors is expected to increase, in favour of “one-size-fits-all” farming patterns selected for their allegedly improved performance. Furthermore, given the political linkages that affect the cooperative system, once that system will be developed enough to fulfil the expected functions regarding agricultural output aggregation, accumulation and management, the clusters will give the state the organizational capacity to further expand its domination over the peasantry, by acquiring control of the outputs through these cooperatives.

Therefore, it can be said that clusters copy the top-down approach to agricultural development, and the state-peasant relations that featured the Derg period. These are not new elements in the EPRDF's trajectory for agricultural development: previous sections have indeed proved that the top-down approach and the concept of smallholder farmers as rural inhabitants in need of innovation, have both shaped the EPRDF's agenda since the 1990s. Nevertheless, it is necessary to point out that these longstanding elements are enhanced by the current intensified exclusion of farmers from their means of production and subsistence, which is caused by the recent evolution of agrarian policies, with clusters first and foremost.

Speaking of the elements of continuity with the past, as this section has demonstrated, the established land governance system fosters the state's increasing interposition between the peasantry and its factors

²³⁰ - See Lavers (2012) on the concept.

of production. A crucial contribution to this penetration comes also from the widespread political, social and economic command system, established by the EPRDF in the rural world. This point has already been highlighted in previous sections dealing with the developmental state and its consolidation methods; but some additional insights are hereby worth analysing since this control system defines the shape of state-peasant relations and determines the agrarian transformation process.

A crucial element for the establishment of this control structure came from the longstanding Ethiopian problem related to ethnicity. Since its establishment, the modern Ethiopian state has been challenged by an ongoing tension between the central government and the country's peripheries. During the Imperial period, this tension was unfolding along ethnic and cultural lines, where a number of different ethnic groups challenged the political and economic domination of the Amhara-speaking and Orthodox core, that was based in the central highlands. When the Derg seized the power, it sought to reduce the conflicts to a mere class matter by calling for the *Ethiopia Tikdem* (Aalen 2011). At the same time, it sought to connect the main issue with the principle of state power decentralisation - for instance through the PAs (Vaughan, Tronvoll 2003) - which ultimately led to the incorporation of the Ethiopian people in a widespread mobilization and command system; this structure was composed mainly by the PAs themselves, the *zemetcha* participants, party executives and the state government hierarchies (Clapham 2002). After 1991, the TPLF presented itself as one of the many oppressed groups, and through the establishment of ethnic-federalism sought to give voice and to represent neglected ethnic minorities. By affirming the principle of self-determination for the nationalities and people of Ethiopia, the EPRDF started a pathway of power decentralization and service delivery to the rural peripheries. Since the early 2000s, *kebele* and *woreda* administrations were thus vested with the management of resources and many other responsibilities, there was a massive recruitment of civil service personnel, the number of extension agents in the rural world increased constantly, and farmers were grouped into sub-*kebele* organizations for rural development purposes (Emmeneger *et al.* 2011).

In keeping with the Derg dogma, this decentralization took place within a rural governance system characterized by a blurred distinction between party and state. The principles of democratic centralism and upward accountability that ruled party structures, were replicated in the state hierarchy and, as a consequence, the whole process was more of a deconcentration of responsibilities, rather than an actual delegation of powers (Chinigò 2014).²³¹ At the same time, the connection between local administrators and party officials was strengthened thanks to a vast campaign of party recruitments. Thus, the party enhanced its presence and power in the rural world, and the devolution of activities to the local governments became a way for the central executives of the state-party to exert control over the peasants (Teferi 2004). Many studies reported the political linkages that unfolded locally among *kebele* officials,

²³¹ - As stressed by Aalen (2011), the federal government retained the control of the largest share of revenues from its decentralized structures, and the dependency of the regional governments from grants and standards fixed at federal level remained unchanged.

party executives, development group and 1 to 5 team leaders, cooperative leaders, model farmers, and local militias.²³² The latter have been repeatedly mobilized for political reasons, especially just before elections; and the unfolding and results of the last two national ballots suggest that the control of the rural world has reached a level of effectiveness and pervasiveness that is unprecedented in Ethiopian history. Accordingly, Aalen rightly said that «the launch of “self-determination for nationalities” did not only reflect ideological conviction or a desire to pacify ethnic wars, but served as an instrument by which the new power holders could secure their control of the state apparatus» (Aalen 2011: 36).

Findings from South Wollo confirmed the presence of many of these features that are historically embedded in state-peasant relations, including: a very complex state bureaucracy, a widespread mixture between state and party hierarchies, and the influence of upward accountability and bureaucratic centralization on rural development activities. As pointed out regarding the cluster establishment process, it is here argued that these mechanisms have considerable influence on the broad processes of agrarian transformation. First of all, the findings from the cluster study revealed that the extension agents' activities are influenced by a pressure and reward system from their superiors, exerted most probably by fixing targets of land and farmers to be included in the clusters, regardless of the impact and utility of these inclusions. Secondly, bureaucratic centralism involves a top-down approach that does not adapt to local conditions. Hence, in some cases the selection of land, commodities, agricultural inputs and cropping timelines have proved to be inefficient, or even detrimental for farmers. Thirdly, as demonstrated by the rise of some opposition to the planned clusters (among farmers and even some DAs), while the implementation of rural development initiatives (such as clusters) is delegated to the local administration and extension structures, neither theirs nor the peasants' fundamental contribution in the decision-making process are requested. In some of the surveyed cases, this implied the application of strategies that are not tailored to local conditions, and therefore not conducive to good performances. Fourthly, in almost all the surveyed cases, cluster establishment entailed the creation of a fostering and monitoring structure constituted by groups and sub-groups of farmers and leaders. In most of the studied cases leaders were appointed by a top-down selection rather than by a farmer election. Evidence also showed that these structures and their leaders were interconnected with the already functioning 1 to 5 teams and development groups, as well as with local administration structures and party hierarchy. The blurred boundaries between these structures that the fieldwork revealed, confirm the tendency of rural politics to put together development and political purposes (Kassahun, Poulton 2014). Further evidence of this tendency was given by the fact that the interviewed farmers tended to use the *mengist* term to

²³² - On the topic, see: HRW (2010); Segers *et al.* (2008); Lefort (2012); Chinigò (2015); WIDE, *Models & Realities of Transformation – June 2014*. WIDE Discussion Brief No. 5 of 5, Ethiopia WIDE; Ezekeil Gebissa in *Conversation with Rene Lefort on Political Crisis in Ethiopia*, “Oromia Media Network”, 12 January 2016: <https://www.oromiamedia.org/2016/01/12/ezekeil-gebissa-in-conversation-with-rene-lefort-on-political-crisis-in-ethiopia/>

address the different development and political organizations and agents indiscriminately (cooperatives, DAs, state officials, and party executives).²³³

To wrap up the section, it is worth noticing that, similarly to the Derg's trajectory, what arose after 1991 as a democratic solution to the periphery's longstanding demand for power and representation, actually translated into a massive, widespread and efficient control system. Decentralization was indeed captured for political targets (Teferi 2004), and the creation of parallel administration, rural development and political mobilization structures, served the GoE to consolidate its hegemonic project. This section has proved that the state-peasant relation that surfaces from the cluster study, is influenced heavily by historical legacies. The analysis of the land and decentralization issues has revealed the relevance of the top-down approach to agricultural development and of the widespread presence of state and party control structures in the rural world, for the Ethiopian trajectory of agrarian transformation. Furthermore, it can be claimed, but further research is needed to apply this thesis nationwide, that the creation of agricultural clusters in Ethiopia gives the government additional structures and tools to enhance its presence even more in the rural world, and to exert even greater oppressive control on smallholder farmers.

4.3.3. *Peasantry and Clusters, What Future?*

As analyzed in the first sections of this study, peasantry worldwide is currently subjected to the influence of a wide range of global and local issues that challenge its existence and stimulate its reconfiguration. In the Ethiopian case, the main influences having a bearing are the structural deficiencies of a developing country's rural economy, including: land shortage, hampered capital accumulation, low investment rates, small and unintegrated markets, inadequate infrastructures, dependence on rain for water, food insecurity. In addition, main challenges deal also with the expected penetration in the global markets, for which peasantry lacks the sufficient means to compete, and does not receive the required support against its negative impacts. In line with its developmental aim, the Ethiopian state has been leading a transformation process of the peasantry, to respond to the requirements of an equal and poverty-free society, and to boost the economy's structural transformation process. The clusters indeed represent one of the means by which the state-led peasantry reconfiguration is taking place in Ethiopia.

Agricultural clusters in South Wollo revealed that the Ethiopian peasantry still plays a central role in the agenda for economic growth and structural transformation. In the last two and half decades, the GoE has attempted in different ways to transform the smallholding farming community from its vulnerable and subsistence-led condition, to a self-subsistent and market-oriented productive class. In spite of its remarkable success in terms of agricultural development, the trajectory fell short of the expected targets

²³³ - It is a legacy from the Imperial period when the emperor was associated with the state (Aalen 2011); its continued and expanded use proves that from a farmers' perspective the boundary between development and political dimension is not discernible.

regarding the transformation of the agrarian sector into an efficient, equal, modern, value-adding and industrial-oriented sector. Starting from these deficiencies, the creation of agricultural clusters is expected to create the most favourable conditions for the smallholder farmers to overcome them. Although findings suggested that agricultural clusters failed to empower smallholder farmers, they definitely created a system that depends heavily on their commitment and participation. Hence, it can be said that the rate of extension that clusters will achieve nationwide might be considered as an indicator of the role the GoE is currently conceding - and will most probably appoint in the incoming years - to smallholder farmers, in boosting the country's transition toward industrialization and middle-income status. That is to say that if, in the years to come, the ACC pilot initiative will be scaled-up, or if the less complex clusters seen in South Wollo will continue to expand (and new researches will find a similar commitment also in other zones), this will mean that smallholder farmers have not lost their central position in the GoE agenda. Conversely, if the agricultural clusters should fail to achieve the expected levels of expansion and development, Ethiopian smallholder farmers can be expected to have to face a more uncertain trajectory. At the moment, findings from South Wollo revealed that cluster implementation is channelling relevant resources as well as extension agent and local administrator commitment, and that smallholder farmers retain a crucial role in cluster performance.

Evidence from the fieldwork also revealed that the creation of agricultural clusters may bring about deep transformations in the agricultural sector and in the agrarian world. In fact, regarding the agricultural sector, three main impacts are expected to take place if the cluster-based policy should proceed as planned. First, by pursuing a massive knowledge transfer and a systematic adoption of improved agricultural inputs, production volumes will most probably grow at an unprecedented rate. Second, regardless of local potential, production in food-deficit areas will be most likely focused exclusively on staple crops. Third, the government will retain a centralized control of the country's entire agricultural production, and will have the possibility to plan, command and organize all village-level production and market channels.

Cluster analysis has also shown that, through them, the GoE is seeking to bring about impressive changes in agrarian relations of production and trade, that go beyond the mere agricultural realm. In line with the relevant theory and other successful international experiences, the GoE adopted the ACC initiative to transform the country into a combined system of enhanced agri-food value chains within geographically targeted production areas, characterized by strengthened vertical and horizontal linkages, and better connections with the international trade. What the cluster study in South Wollo discovered was that, on one side the GoE is very determined to bring about that change, but on the other its ability to handle the challenges that come with it is limited. Implementing the cluster-project in areas with low production potential indeed leads to a wide range of complex and extra interventions to be added to the ones specifically needed for the shift to monocropping and to extend technology adoption. These interventions will involve, among others, the creation of alternative sources for income and food

security, the creation of stable marketing systems, the regulation of benefit sharing along the chain, protection from an increased exposure to more competitive markets. This case gives credit to the literature that sees a strong regulatory and intermediary role of the state, as a necessary condition to prevent detrimental impacts on peasants (Zeng 2008; Porter 1998; Gálvez Nogales 2010). However, at the current stage all these interventions are missing, and unless their introduction takes place soon, the project will fail to bring about the expected impacts.

Furthermore the fieldwork showed that the clusters contained the seeds for peasantry differentiation. As stated earlier on, the agricultural transformation trajectory followed by the GoE has not brought about significant changes in its general structure: smallholder farmers have kept a major role in the sector and their vulnerability has not been significantly reduced; and the appearance of new entrepreneurs with greater capital availability and investment possibilities has proved to be unimpressive. However, some social and economic differentiation mechanisms were discovered with the fieldwork, and the contribution of clusters therein seemed to be relevant and linked to a social, rather than economic, performance. The findings from South Wollo are in line with previous studies that discovered that upward mobility in rural Ethiopia is more a matter of mastering political skills and loyalty to superiors, rather than the result of better yields and capital accumulation (Teferi 2012). The fieldwork indeed confirmed the presence of a rural elite composed by the leaders of the different cluster and rural development hierarchies; and evidence proved the existing linkages between the realms of politics and development, suggesting that upward mobility does indeed take place in this manner. Nevertheless, further research is required to assess whether, through clusters, the strengthening of this loyal leader elite may actually transform into an active entrepreneurial class – either through the appropriation of the control of inputs and credit distribution, or through a stronger role in output aggregation and marketing – or if the expansion and accumulation of these structures is for the sole purpose of controlling the rural world.

As repeatedly stated, the Ethiopian agricultural cluster strategy intends for smallholder farmers to have a central role in agricultural development and agrarian transformation, in keeping with the ADLI strategy and the whole EPRDF trajectory. Nevertheless, findings from the fieldwork suggest that cluster implementation changes the functions that the EPRDF has traditionally attributed to that role. The agricultural development trajectory implemented by the EPRDF throughout the decades has indeed been influenced by a neo-populist approach to small-scale peasantry, according to which the peasantry kept the seeds and potential for its own upgrade. In keeping with this approach, with the creation of a massive extension system and the establishment of an interventionist state, the GoE has attempted to provide the peasantry with the necessary elements for an equal and rapid development. Lately, this position has evolved slightly towards a more “pluralist” vision, with the appearance of new large-scale and entrepreneurial investors in the GoE’s agenda; but this occurrence did not entail any significant shift from the mainstream approach.

Instead, cluster creation reveals that the peasantry has been apparently stripped of the control of its production and trade relations, and has been replaced by the state's intermediary role. Hence, with clusters the peasantry takes on a different position within the process of agrarian transformation: from being the undisputed protagonist of change, to being an instrument for the state to use to bring about that change. In the clusters, the GoE offers services and support to small-scale producers for their being part of a planned and "encadred" of agrarian transformation process where it controls: the input supply system, the identification of production areas and the marketing process. Although these processes have been seen only in their embryonal phase, in the clusters, farmers actually lose their freedom regarding the commodity to be sowed, they lose control of their farming methods, and they are strongly influenced in their marketing relations. As a matter of fact, in the clusters small-scale farmers are included in collective production systems where the GoE holds impressive control and surplus extraction structures. As observed earlier on, through public ownership of land and with a strong interventionist policy, the state already possessed significant tools to direct the trajectory of agrarian transition. However, the level of influence and interposition in the rural economy, that it will be able to achieve with the widespread application of this specific approach to clusters, had never been so great. Clusters have gone from being conceived as instruments to strengthen market relations between companies engaged in similar and inter-related activities, as per the mainstream theory, to being apparently taken over by the GoE for its developmental targets, and therefore transformed into structures of control.

CONCLUSION

My work has focused on the process of agrarian transformation that affects the peasantry of developing countries at present. The debate on which this work is centered, arises from the studies on peasants and agrarian change that since the decolonization period have blurred among the social sciences, and that dealt with the role that peasantry, the largest social and economic group in developing countries, could play in the industrialization and economic growth of developing countries. The original debate, briefly discussed in chapter 1, unfolded on the legacies of the agrarian question and aimed at defining the peasantry's position in the economic growth and industrialization process. Initial studies and development policies focused on the transition process of agrarian-based economies shaped by informal and not-modern relations of production and trade, to more innovative, profitable and industrialized systems. Different theories have arisen over the decades regarding the contribution the agricultural sector and the peasantry were expected to give to this transition. The peasantry's role in agricultural and economic development has evolved over the decades, along with the unfolding of historical events, technological change, the international transformation of production and trade relations, demographic change and many other concurring processes. The interaction between these factors has changed the political, social and economic context where the peasantry lived and maintained its relations of production, reproduction and exchange.

At present, a new set of opportunities and challenges are faced by peasantry in developing countries, as a result of the internationalization of the production and trade processes, a conducive trade policy framework, improved migration and communication possibilities, and many other elements that shape the so-called global economy. A broad range of pro-poor strategies has been promoted and implemented to reduce poverty, improve peasant livelihoods, and limit the negative impacts of their exposure to highly competitive markets. At the same time, the mainstream approach to agricultural and economic development has sought primarily to take advantage of the opportunities created by the global economy, sustaining the integration of smallholder farmers in agri-food value chains with inter-sectoral linkages. This strategy's purpose is to transform the subsistence-led peasantry into a market-oriented group included in domestic and international chains of value addition, with expected positive impacts on food security and poverty reduction. Clusters and spatial development initiatives have reappeared lately in developing countries as viable solutions to achieve these objectives. Clusters are aggregations of companies engaged in similar and inter-related activities, in spatially limited areas selected for their growth potential. The strategy of creating clusters in industry, as well as in agri-food, is intended mainly to benefit from enhanced horizontal and vertical linkages along the value chain – fostered by company proximity – and to bring about innovation, economic externalities and widespread development. Through multi-directional exchanges along the value chain, clusters are therefore conceived as a means

to channel smallholder farmers' contribution to national development and at the same time boost their weak economic and productive performances.

The debate on peasantry and agrarian change and transition methods, summarized in chapter 1, outlined major features and strategies analyzed by the relevant literature, and provided a useful theoretical framework for the analysis of the Ethiopian agrarian transformation trajectory. Since it seized the power in 1991, the TPLF-led coalition has started an economic development trajectory based on the support of the small-scale producing peasantry. The strategy intended to improve the social and economic conditions of the peasantry to source an agricultural-development-led industrialization process, by achieving household level food security, reducing poverty and generating economic growth. Following a transition period from the Marxist-Leninist regime, in the 2000s the EPRDF was able to reach macroeconomic stability, and to consolidate its developmental state model. Given the hegemonic ambition of the model, peasantry mobilization was given a fundamental role towards achieving the development goals.

Galvanized by the economic successes of the first transition period, and backed by a substantial participation of the international financial institutions, starting from the period of the poverty-reduction strategy programs rural areas were targeted with increasing amounts of social and economic development initiatives. The GoE's efforts were aimed at intensifying and improving production quality, to strengthen and integrate rural markets in the country, to expand high-value crop markets, to expand and diversify its agricultural-led exports, and to promote a wide range of initiatives aimed at improving infrastructural endowments and the most important social issues. Consistently with the mainstream approach to agricultural and rural development, the Ethiopian peasantry has benefited from an extensive system of service delivery and support from the GoE, which eventually led to a remarkable improvement in its performance. The strategy aimed at promoting the poor and subsistence-led small-scale producers to resilient and market-oriented actors, to stimulate the whole economic growth process. Lately, in keeping with new trade opportunities, the strategy has opened to the participation of large-scale investors in agriculture and has promoted their integration with the smallholding peasantry.

In spite of remarkable results in terms of production growth, the study of agrarian transformations has revealed that so far the trajectory has performed poorly in many ways: the subsistence-led and rain-dependent smallholder farmers still dominate the agrarian world; innovation and technology adoption has not expanded in the agricultural sector at the expected rates; large-scale investments have not produced the expected results in terms of economic externalities and job creation; rural market development fell short of the plans; a structural transition toward industry has not taken place. As a matter of fact, the longstanding approach to agrarian transformation has proved to be scarcely adaptable to changing production and trade relations determined by the inflow of international capital on the domestic economic scene, and vice versa. In spite of a very attractive policy for foreign investors, the

domestic private sector is still strongly restricted, and therefore most of the Ethiopian peasantry has remained tied to traditional and informal relations of production and trade.

The introduction of the cluster approach in Ethiopian agriculture is recent and aimed at enhancing value chains for selected commodities in targeted areas with high growth potential. The approach is part of the comprehensive agenda for agricultural transformation designed by the MoARD and the ATA to boost the sector's development and contribute to the overall objective of becoming an industrialized and middle-income country by 2025. The ACC initiative includes a broad and complex set of cluster-based initiatives linked to the creation of agro-industrial parks, and it currently represents the country's pilot project, which is expected to lead the strategy. According to the ACC's plan, the smallholding peasantry of a targeted farming area is expected to boost the production of a target commodity, to supply rural transformation centers and other aggregation and value addition structures, to eventually channel towards agro-industrial parks and international markets. Consistently with the mainstream cluster theory, these initiatives aim at benefiting from a greater international and domestic private sector participation, a strengthened collaboration and competition along the chain, innovation linkages and economic externalities.

Based on the ACC and AGP model - which is similarly aimed at fostering and promoting small-scale producer participation in farming chains with value-addition activities - clusters of agricultural producers are currently being established also in areas that are not a part of the pilot project. This study gathers information from a fieldwork realized in South Wollo in 2016 and constitutes an innovative analysis of the implementation process of state-led agricultural clusters in Ethiopia. The analysis has provided some unique findings from the field, that have contributed to the overall objective of this study dealing with the definition of the major elements of the Ethiopian strategy for agrarian transformation that is being implemented lately.

The cluster analysis has produced some remarkable results. First of all, this work provides empirical findings on the pattern of integration of smallholding peasantry in the agrarian transformation process, adopted by one of the most successful developing economies. As discovered in section 3 of the fourth chapter, following top-down instructions conveyed to peasants by a massive extension system, the South Wollo clusters envisaged the creation of aggregated forms of production, with the purpose to promote collaboration between participants and generate the benefits related to large-scale farming schemes. In these schemes, peasants do not lose formal ownership of their land and production assets, but these are considerably limited and bound to community development targets. The peasantry is indeed expected to adopt improved agricultural inputs and farming techniques on a large-scale, to increase production and productivity levels. At the same time, with the clusters peasants are expected to delegate completely their household's food security to the attainment of national food self-sufficiency; and to change their farming approach from a diversified basket of high-value crops to specializing in a monocrop chosen

for its high yield potentials, regardless of local market opportunities. These farming schemes are expected to generate output surplus, to be channeled through value-adding chains.

Secondly, this work provides important evidence for the study of the developmental state's approach to agrarian change, and the influence of historical legacies on the application of a mainstream development model. As a matter of fact, as discussed in sections 4.1 and 4.2 of the fourth chapter, the creation of clusters in South Wollo reflects the protagonist role taken on by the Ethiopian developmental state in running the agrarian transformation and economic growth processes. This role is exerted through a top-down and coercive approach that replicates historical legacies from the Derg regime; and in many ways clashes with the mainstream approach from which the cluster initiative descends. The main divergent points are related to their imposed nature, the absence of relevant market opportunities and linkages, the lack of participation by an adequate and flexible private sector, the failure to tailor interventions to local conditions, the focus on a very limited basket of staple crops. These collide with the objectives and practice of the most successful international cluster experiences to which the literature discussed in section 3 of the first chapter refers, according to which actors along the farming value chain are expected to participate voluntarily, to increase collaboration and competition, and to foster innovation.

Thirdly, this study reveals the effects of current agricultural transformation policies and practices on smallholding peasantry and its role in development. In the most vulnerable areas, such as South Wollo, small-scale farmers are eventually expected to contribute to national development by supplying large volumes of high-quality raw materials to agri-food value chains. The study clearly reveals a potentially disruptive evolution of the role intended by the GoE for the peasantry in agrarian transformation. In the clusters small-scale producers are in fact still being substantially supported by an interventionist state, but this support is channeled through a centralized system of controlled participation in large-scale commodity-based chains. In these schemes, peasants' choices and control of their means of production are considerably reduced, and evidence suggests that a similar trend is very likely to be expected also in their marketing relations. This process creates the set up for a radical transformation of the rural economy, along the line of the Derg's exploitative and extractive model. At the same time, it moves away from the mainstream theory of agrarian transformation that relies on competition and markets, and it envisages a different (and allegedly more equitable) trajectory for change and integration in the global economy for the peasantry. However, as can be seen in this work, this trajectory is unlikely to secure food availability and accessibility, to avoid detrimental effects on local markets, to ensure a fair distribution of benefits along the chain, to create reliable and independent marketing linkages, to formalize contractual agreements, to avoid expropriations, and guarantee an appropriate farmer participation in decision-making processes.

Therefore, the findings of the Ethiopian cluster analysis constitute a unique and empirical-based tool to understand the GoE's trajectory of agrarian transformation, and provide innovative and useful insights for the international debate on the peasantry's changing role in developing countries. In line with a

substantial part of the literature, the study finds that the opening to attractive opportunities created by the global economy, forces peasants to have to face highly competitive and distant markets. The creation of enhanced value chains and spatial development initiatives constitute some of the cornerstones of the mainstream strategy adopted by developing countries to integrate smallholding peasantries in international relations of production and trade. In keeping with that framework, the ACC initiative is indeed focused on creating the structures to include small-scale producers in value adding, integrated and outward-oriented chains. The clusters in South Wollo – shaped according to the ACC initiative - have not provided direct evidence of any such international linkages, but have revealed the major challenges that peasantry may be exposed to with these schemes.

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APPENDIX A

Table 3 – Major crop production estimate (in '000 qt), and average annual growth rate (%) during *meher* seasons from 1994 to 2016. Personal elaboration, source: CSA²³⁴

	1994	1995	1996	1997	1998	1999	2000	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	GRO WTH
CEREALS	61,542	82,697	86,293	64,988	76,830	77,413	92,960	90,062	100,308	116,243	128,798	137,170	144,964	155,342	177,613	188,100	196,512	215,835	236,077	231,288	253,847	8%
teff	12,984	17,524	20,019	13,073	16,423	17,176	17,369	16,773	20,255	21,756	24,377	29,929	30,280	31,794	34,835	34,977	37,652	44,186	47,507	44,714	50,204	8%
barley	8,477	8,752	7,424	7,864	7,686	7,419	9,454	10,797	13,281	12,707	13,521	13,548	15,194	17,504	17,033	15,853	17,817	19,083	19,534	18,567	20,249	5%
wheat	10,239	10,763	10,016	11,068	11,138	12,126	15,712	16,144	21,766	22,191	24,631	23,145	25,376	30,756	28,557	29,163	34,347	39,252	42,316	42,193	45,379	8%
maize	16,732	25,393	25,320	19,259	24,166	25,255	31,385	25,430	23,942	33,368	37,764	37,497	39,325	38,972	49,861	60,694	61,583	64,915	72,350	71,508	78,472	9%
sorghum	11,219	17,227	20,073	10,697	13,208	11,811	15,383	17,425	17,160	21,736	23,160	26,591	28,044	29,713	39,599	39,513	36,043	38,289	43,391	43,233	47,521	10%
PULSES	7,723	8,141	8,026	6,802	7,320	9,594	10,736	10,373	13,496	12,712	15,786	17,827	19,646	18,980	19,531	23,162	27,510	28,589	26,718	27,693	28,146	7%
horse/faba beans	3,736	3,594	3,207	2,597	2,852	3,887	4,528	4,269	5,520	5,128	5,762	6,887	6,960	6,108	6,978	7,148	9,440	9,917	8,389	8,487	8,780	5%
field peas	1,433	1,396	1,063	927	985	1,160	1,414	1,704	2,283	1,823	2,101	2,319	2,671	2,359	2,570	2,633	3,274	3,798	3,426	3,234	3,481	6%
haricot beans	339	784	948	548	1025	1,329	1,490	1,722	2,113	1,384	2,227	2,414	3,298	3,629	3,403	3,878	4,630	4,574	5,137	5,402	4,839	20%
chick peas	1,225	1,232	1,265	1,371	1,388	1,646	1,757	1,359	1,616	2,106	2,539	2,868	3,121	2,846	3,228	4,002	4,097	4,238	4,587	4,726	4,441	7%
lentils	368	332	345	311	284	498	553	353	546	576	810	941	948	1,238	809	1,280	1,515	1,591	1,374	1,339	1,663	11%
grass peas/vetch	633	804	1,199	1,047	786	1,075	994	790	1,250	1,459	1,838	1,855	2,021	2,040	2,009	3,056	3,256	3,173	2,514	2,877	2,971	11%
OILSEEDS	1,153	1,953	2,133	1,837	1,689	1,903	2,463	3,129	5,264	4,866	4,971	6,169	6,557	6,436	6,340	7,309	7,267	7,113	7,601	7,848	8,392	12%
neug	443	859	835	736	845	1,022	1,190	1,190	1,872	1,471	1,478	1,598	1,908	1,578	1,448	1,863	2,124	2,021	2,245	2,563	3,024	13%
linseed	536	568	676	633	353	321	641	774	1,519	1,259	1,082	1,699	1,561	1,506	654	1,128	1,221	879	831	886	879	10%
ground nuts		142	125	78	84	119	152	207	291	342	511	447	469	464	716	1,035	1,244	1,121	1,037	1,039	1,296	17%

²³⁴ - The last column in tables 3 and 4 show the crop distribution by average annual growth rate (% from 1994 to 2016), ranging from a dark green (higher growth) to a dark red (lower growth) colour scale. No aggregate data is available for vegetables, root crops, fruit crops, khat, coffee, hops and sugar cane for the years before 2003, therefore the annual growth rate is calculated from 2003 to 2016.

sunflower		24		13	25	37	65	50	70	60	112	81	66	55	51	89	133	83	63	67	80	19%
sesame		33	73	98	177	156	189	615	1,155	1,489	1,494	1,868	2,167	2,605	3,277	2,448	1,814	2,202	2,888	2,742	2,679	30%
rapeseed	112			87	84	139	147	293	358	244	292	477	387	226	193	747	731	625	537	550	434	24%
VEGETABLES								3,879	4,320	4,502	3,451	4,720	5,989	5,574	6,756	7,557	8,523	7,229	5,954	7,444	8,126	7%
ROOT CROPS								16,055	16,152	13,375	14,095	15,309	12,136	18,064	19,156	16,710	36,299	41,609	54,616	39,986	46,306	13%
FRUIT CROPS								2,496	2,634	4,283	4,600	4,621	3,513	4,089	4,863	5,393	4,793	4,992	7,066	6,797	7,924	11%
KHAT								933	975	1,197	1,517	1,368	1,149	1,162	2,031	1,807	1,831	2,451	2,758	2,027	2,202	9%
COFFEE								1,262	1,562	1,716	2,415	2,734	2,602	2,655	3,706	3,768	3,739	3,920	4,200	4,146	4,691	11%
HOPS								249	260	228	241	324	303	309	281	289	290	356	373	372	401	4%
SUGAR CANE								998	1,274	16,050	11,163	7,817	5,594	6,724	11,878	10,336	10,399	14,034	15,612	13,770	14,103	94%

Table 4 - Major crop surface estimate (in '000 ha), and average annual growth rate (%) during *meher* seasons from 1994 to 2016. Personal elaboration, source: CSA

	1994	1995	1996	1997	1998	1999	2000	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	GROWTH
CEREALS	5,746	6,653	6,689	5,602	6,745	6,747	7,637	6,999	7,638	8,081	8,472	8,730	8,770	9,233	9,691	9,589	9,601	9,849	10,152	9,974	10,219	3%
teff	1,844	2,097	2,168	1,747	2,091	2,123	2,183	1,989	2,136	2,246	2,405	2,565	2,481	2,589	2,761	2,731	2,730	3,017	3,016	2,866	3,018	3%
barley	879	826	698	682	830	794	874	920	1,095	998	1,019	985	978	1,129	1,047	948	1,019	1,019	994	944	959	1%
wheat	769	882	772	788	987	1,025	1,140	1,099	1,398	1,460	1,474	1,425	1,454	1,684	1,553	1,437	1,628	1,606	1,664	1,665	1,696	5%
maize	1,105	1,281	1,317	1,101	1,303	1,407	1,720	1,367	1,393	1,526	1,695	1,767	1,768	1,772	1,963	2,055	2,013	1,995	2,115	2,112	2,136	4%
sorghum	886	1,252	1,400	955	1,042	995	1,333	1,284	1,254	1,468	1,464	1,533	1,615	1,619	1,898	1,924	1,711	1,677	1,835	1,855	1,882	5%
PULSES	878	904	905	838	875	1,045	1,234	1,100	1,349	1,292	1,379	1,518	1,586	1,489	1,358	1,617	1,863	1,743	1,558	1,653	1,550	3%
horse/faba beans	342	337	329	266	293	359	426	382	463	457	459	521	539	512	459	458	574	538	443	444	428	2%
field peas	155	180	158	120	142	152	205	212	254	233	222	212	231	227	204	213	256	275	231	221	213	3%
haricot beans	69	101	113	92	129	166	187	184	245	164	223	231	267	244	237	332	367	326	323	357	290	10%
chick peas	175	145	148	170	168	185	212	154	168	201	200	227	233	213	208	231	240	230	240	258	226	2%
lentils	58	65	53	47	48	72	90	52	77	85	97	107	95	106	77	110	124	126	99	101	114	6%
grass peas/vetch	80	76	104	142	95	111	114	83	112	123	125	147	160	134	131	180	205	169	137	159	151	5%

OILSEEDS	336	392	478	410	396	424	575	571	824	797	742	707	855	781	775	881	818	813	856	859	805	5%
neug	197	223	250	195	221	257	336	282	359	307	275	285	313	257	248	309	304	285	253	281	281	3%
linseed	111	113	148	135	90	74	131	143	251	215	174	152	181	141	74	117	128	96	82	85	80	3%
ground nuts		13	17	11	15	14	17	20	27	35	37	40	42	42	50	64	90	80	65	67	75	12%
sunflower		5	5	3	6	5	11	8	10	9	13	9	8	5	5	8	11	12	5	7	7	11%
sesame		9	18	24	32	38	42	92	136	205	211	186	278	316	385	338	240	300	420	388	338	26%
rapeseed	15		21	16	10	20	25	26	42	25	31	35	33	21	13	45	46	44	30	30	24	13%
VEGETABLES								82	94	94	95	119	162	138	127	161	193	161	140	201	240	10%
ROOT CROPS								159	156	156	189	184	146	212	214	200	204	210	217	214	229	4%
FRUIT CROPS								44	46	46	50	63	48	53	55	61	62	72	90	92	108	8%
KHAT								112	120	136	148	163	138	139	205	180	174	222	249	251	255	8%
COFFEE								232	260	261	295	407	391	395	499	516	529	538	562	654	700	9%
HOPS								21	22	23	24	25	24	24	22	23	23	25	28	28	31	3%
SUGAR CANE								14	19	19	17	21	16	19	23	22	22	29	30	30	31	8%

APPENDIX B

Table 5 - Land use and distribution, comparison between South Wollo, Amhara Region and Ethiopia, during 2015/16 *meher* season. Personal elaboration, source: CSA 2016b

	South Wollo		Amhara Region		Ethiopia	
All land use (in ha)	568,920		5,369,028		18,104,024	
average holding/HH	0.82		1.16		1.06	
All crop area (in ha and percent)	463,194	81.42%	4,597,152	85.62%	14,521,001	80.21%
temporary crop area	452,643	97.72%	4,545,826	98.88%	13,007,323	89.58%
permanent crop area	10,552	2.28%	51,326	1.12%	1,513,678	10.42%
average area/household	0.69		1.04		0.88	
Fallow land	4,688	0.82%	154,067	2.87%	590,271	3.26%
Grazing land	42,129	7.41%	353,282	6.58%	1,886,030	10.42%
Wood land	11,513	2.02%	81,041	1.51%	285,344	1.58%
Other land use	47,396	8.33%	183,487	3.42%	821,378	4.54%

Table 6 - Cultivated surface per crop during 2015/16 *meher* season, in hectares and %. Personal elaboration, source: CSA 2016a

	South Wollo		Amhara Region		Ethiopia	
	hectares	percent	hectares	percent	hectares	percent
Cereals	341,010.36	74.35%	3,418,732.34	74.75%	9,974,316.28	71.46%
teff	117,534.44	34.47%	1,093,135.22	31.97%	2,866,052.99	28.73%
barley	33,554.10	9.84%	323,130.12	9.45%	944,401.34	9.47%
wheat	108,664.85	31.87%	545,106.10	15.94%	1,664,564.62	16.69%
maize	10,685.97	3.13%	517,210.23	15.13%	2,111,518.23	21.17%
sorghum	67,592.55	19.82%	644,263.75	18.85%	1,854,710.93	18.59%
finger millet	1,705.64	0.50%	256,064.53	7.49%	465,508.27	4.67%
oats	1,272.28	0.37%	2,872.60	0.08%	22,105.72	0.22%
rice	-	-	36,949.80	1.08%	45,454.18	0.46%
Pulses	98,219.75	21.41%	695,392.24	15.20%	1,652,844.19	11.84%
Oilseeds	6,023.71	1.31%	310,350.12	6.79%	859,110.39	6.16%
Vegetables	2,797.93	0.61%	59,494.96	1.30%	201,332.14	1.44%
Root crops	1,940.36	0.42%	41,957.60	0.92%	213,766.65	1.53%
Fruit crops	1,245.21	0.27%	4,839.14	0.11%	92,362.36	0.66%
Chat	4,757.10	1.04%	9,960.75	0.22%	251,381.15	1.80%
Coffee	2,065.40	0.45%	8,283.22	0.18%	653,909.76	4.69%
Hops	602.96	0.13%	20,663.53	0.45%	28,332.67	0.20%
Sugar cane	-	-	4,091.86	0.09%	29,679.34	0.21%
Total	458,663	100%	4,573,766	100%	13,957,035	100%

Table 7 – Major crop production during 2015/16 *meher* season, in qt and %. Personal elaboration, source: CSA 2016a

	South Wollo		Amhara Region		Ethiopia	
	quintals	percent	quintals	percent	quintals	percent
Cereals	6,180,396.82	78.21%	73,973,735.79	76.82%	231,287,970.83	67.75%
teff	1,774,814.73	28.72%	17,570,224.12	23.75%	44,713,186.91	19.33%
barley	522,945.00	8.46%	5,759,047.99	7.79%	18,567,042.76	8.03%
wheat	2,206,479.19	35.70%	12,219,043.09	16.52%	42,192,572.23	18.24%
maize	234,864.61	3.80%	18,143,268.40	24.53%	71,508,354.11	30.92%
sorghum	1,391,835.56	22.52%	13,669,612.33	18.48%	43,232,997.52	18.69%
finger millet	33,012.92	0.53%	5,492,752.20	7.43%	9,402,463.39	4.07%
oats	16,427.58	0.27%	37,802.34	0.05%	402,689.43	0.17%
rice	-	-	1,081,985.33	1.46%	1,268,064.47	0.55%
Pulses	1,348,993.42	17.07%	10,841,499.53	11.26%	27,692,743.11	8.11%
Oilseeds	42,476.06	0.54%	2,649,032.34	2.75%	7,848,093.10	2.30%
Vegetables	89,493.21	1.13%	1,472,260.35	1.53%	7,444,468.39	2.18%
Root crops	187,322.45	2.37%	5,427,750.86	5.64%	39,985,663.02	11.71%
Fruit crops	-	-	238,033.14	0.25%	6,797,428.30	1.99%
Chat	37,790.52	0.48%	68,058.69	0.07%	2,026,966.39	0.59%
Coffee	10,032.12	0.13%	29,683.34	0.03%	4,145,964.55	1.21%
Hops	5,937.11	0.08%	217,613.00	0.23%	371,622.33	0.11%
Sugar cane	-	-	1,376,965.00	1.43%	13,769,813.48	4.03%
Total	7,902,441.71	100%	96,294,632.04	100%	341,370,733.50	100%

Table 8 – Major cereal yields for the 2010/11 and 2015/16 *meher* seasons. Personal elaboration, source: CSA 2011, 2016a

	South Wollo		Amhara Region		Ethiopia	
	2010/11	2015/16	2010/11	2015/16	2010/11	2015/16
Teff	12.51	15.10	12.61	16.07	12.62	15.60
Barley	13.07	15.59	13.12	17.82	16.28	19.66
Wheat	14.14	20.31	16.54	22.42	18.39	25.35
Maize	22.38	21.98	25.72	35.08	25.40	33.87
Sorghum	23.13	20.59	21.58	21.22	20.87	23.31
Finger millet	-	19.36	15.49	21.45	15.56	20.20
Oats	10.97	12.91	12.72	13.16	15.41	18.22