



ETHIOPIA

MAFAP Country Profile



MAFAP
SPAAA

Monitoring African Food and Agricultural Policies

From 2006 to 2011, the Government of Ethiopia implemented the Plan for Accelerated and Sustained Development to End Poverty (PASDEP). For agriculture, the plan aimed at linking farmers more closely to markets to achieve rapid agricultural growth. Public investment in transport and communications were expanded considerably, and the private sector was encouraged to invest in food and agricultural product value chains.

The government has sought to mitigate grain shortages and high domestic prices by banning cereal exports (such as teff) and subsidizing grains for consumers. This has led to volatile prices and disincentives for farmers. The government plays a major role in currency exchange and input marketing.



A basket of coffee cherries, Jimma Agaro, Ethiopia - Coffee is Ethiopia's most important cash crop. (Photo: © FAO)

Price incentives

MAFAP analysis indicates that producers in Ethiopia receive lower prices compared to international prices, though the situation is generally improving.

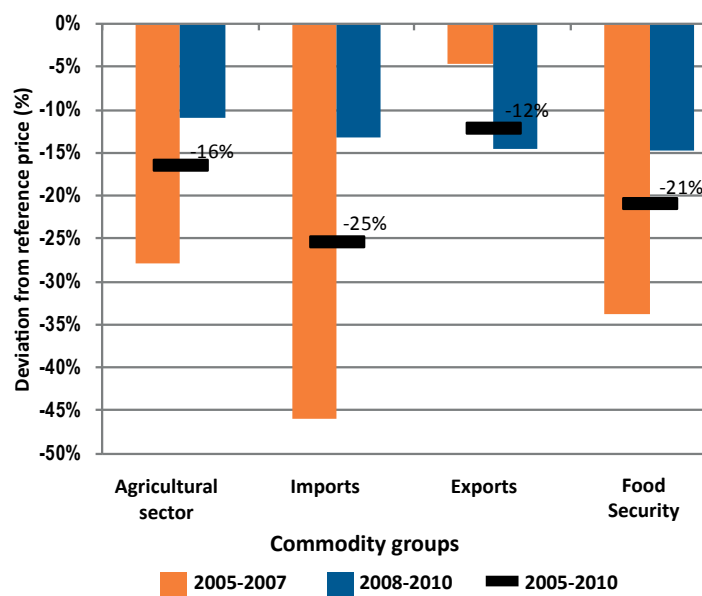
Between 2005 and 2007, producers of all commodities received lower prices compared to international prices. This was especially true for producers of imported products (wheat and maize) and those products that are essential for food security (wheat, maize, teff and sorghum).

Since 2008, however, price incentives have improved for all

groups of products except export products (coffee, sesame, haricot bean and teff). Indeed, the gap between domestic and international prices was partly bridged for imported and food security commodities. This may be due to increasing domestic food prices caused by inflation, trade restrictions and the limited participation of the private sector in importing grain.

On the other hand, after 2008, domestic prices for exports (coffee, sesame, haricot bean and teff), especially coffee, diverged further from international prices. This may be due to the introduction of the Ethiopian Commodity Exchange (ECX) in 2008 – a new trade and marketing system. The ECX may have introduced additional costs related to storage, grades, packaging, additional marketing channels and bureaucratic procedures.

Figure 1. Average deviation of producers' prices from world prices (by major commodity groups)



Note. The bars measure the percentage of deviation between the price domestic producers currently receive and what producers would receive in world markets (the latter is the reference price and is equivalent to 0%). Imported products analyzed include wheat and maize; Exported products include coffee, sesame, haricot beans and teff; Commodities important for food security include wheat, maize, teff and sorghum. Imported and exported commodities also include products, such as teff, that are traded in low volumes. (Source: MAFAP)



Tsehafti, Ethiopia - A woman farmer harvesting teff, which is the country's most widely grown cereal crop. (Photo: ©FAO/Giulio Napolitano)

MAFAP PARTNERS

Policy Analysis	Policy Dialogue
National consultants, including some from the Ethiopian Development Research Institute (EDRI)	A partner for policy dialogue has not yet been identified. The Ministry of Agriculture and Rural Development, various research institutes and the Agricultural Transformation Agency have been approached.

MAFAP PRODUCTS *for Ethiopia*

Eight technical notes on market incentives and disincentives in Ethiopia for teff, wheat, maize, sorghum, sesame, haricot bean, coffee and cattle

A comprehensive country report (will be available in March 2013)

A database with all indicators and supporting information

All reports and publications are available at:

www.fao.org/mafap

Our Vision for the Future

The MAFAP secretariat is in the process of establishing a stronger partnership with an Ethiopian research institute and the Ministry of Agriculture in order to develop a MAFAP policy analysis and monitoring system in Ethiopia. Once the partnerships are sealed, MAFAP indicators will increase in quality and scope, and a public expenditure analysis is expected to be carried out.

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