

# ETHIOPIA CAADP COMPACT

## TO SUPPORT

### THE SUCCESSFUL IMPLEMENTATION OF CAADP – ETHIOPIA WITHIN ETHIOPIA'S PLAN FOR ACCELERATED and SUSTAINED DEVELOPMENT TO END POVERTY (PASDEP)

#### A. **Background for the Implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) in Ethiopia**

1. **CAADP as an African Owned Agenda and Shared Development Framework:** since the Maputo declaration by AU Heads of States and Governments in 2003, the Comprehensive Africa Agriculture Development Programme (CAADP) has become the central focus of efforts by African governments under the AU/NEPAD initiative to accelerate growth and alleviate poverty and hunger among African countries. The main goal of CAADP is to help African countries reach a higher path of economic growth through agriculturally-led development which alleviates hunger, reduces poverty and food and nutrition insecurity, and enables expansion of exports. As a framework of the African Union to guide public investments, it emanates from and is fully owned and led by African governments. COMESA has been mandated to coordinate and harmonize implementation in the eastern and southern region as a partner with national authorities of this AU/NEPAD initiative. CAADP fully reflects the broader principles of mutual review and dialogue, accountability, and partnership.
2. **CAADP as Value Addition at the Country Level:** Although continental in scope, the CAADP agenda is an integral part of national efforts to promote agricultural sector growth and economic development. It provides a shared framework for strategic planning and implementation, and for partnership and development assistance supportive of accelerating agricultural growth, improving food security and reducing hunger. Further, this African-owned initiative offers the prospect of political, technical and financial support for those African governments with plans and strategies that are aligned with the CAADP framework. In aligning with CAADP, African countries adopt a common commitment to achieve an annual growth rate of 6% in agriculture, to meet the Maputo Pledge of allocating 10% of national budgets to the sector, and to take account of recent statements and agreements from global fora such as the UN High Level Task Force on Global Food Security (e.g., Comprehensive Framework for Action), and G8 Summits (e.g., the "L'Aquila" Joint Statement on Global Food Security).
3. **Focus of CAADP in Ethiopia:** The focus of the CAADP process in Ethiopia is to strengthen and add value to the Agricultural Development Led Industrialization (ADLI) strategy under the ongoing Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and other related programmes supportive of Ethiopia's rural economic development and food security (RED&FS) objectives. The ultimate goal of the CAADP process in Ethiopia is to improve development results in the agricultural sector, by: (i) helping define a coherent long-term development and investment framework to guide the planning and implementation of current and future PASDEPs, (ii) identifying strategic options and sources of pro-poor growth for the agricultural sector to support the achievement of Millennium Development Goal #1 (halve extreme poverty and hunger by 2015), and (iii) developing existing and new analyses, and knowledge support systems to facilitate peer

review, dialogue, and evidence-based planning and implementation of agricultural sector policies and strategies. Furthermore it is intended that the national compact provide a basis and inputs into the formulation of a regional CAADP compact for eastern and southern Africa.

4. **Ethiopia CAADP process:** The Government of Ethiopia is entirely committed to the overall AU/NEPAD CAADP objectives and principles, and initiated the process of institutionalizing the CAADP framework into national agriculture sector policies, strategies and programmes in September 2008. Preparation of Ethiopia's CAADP Study Report was guided by the leadership of the CAADP Focal Point Office within Ministry of Agriculture and Rural Development (MoARD), and involved consultations with Ethiopia's nine regional governments, the private sector, civil society and development partners. Following a multi-stakeholder mid-term review of the formulation process, government, private sector, civil society and international development partners assembled in August 2009 to finalize input into the CAADP Study Report and Compact.

#### B. **Rationale for and Use of Ethiopia CAADP Compact**

5. **Integrating CAADP into national development programmes:** Advancing the Government of Ethiopia's vision and commitment for economic and social development, the goal of the CAADP Compact is to assist the Government in defining and accelerating implementation of its agricultural development agenda in line with the CAADP framework. In the context of Ethiopia, its objective is to support the implementation of ADLI and specifically the agriculture and rural-centered development strategy. Through PASDEP, the Compact also is designed to assist the future national development planning frameworks and will, in particular, inform and influence the preparation of the next phases of the PASDEP.

6. **Objectives of the Ethiopia CAADP Compact:** Overall, the Compact (a) sets the parameters for long term partnership in the agricultural sector, (b) specifies key commitments on the part of government, the private sector, civil society and international development partners, and (c) clarifies expectations with respect to the agribusiness and farming communities in order to ensure successful implementation of the PASDEP. The Compact sets the context for joint sector policy, budgetary and investment dialogue, and commitments to align, scale up and improve the quality of long term public investment and development assistance to Ethiopia's CAADP pillars.

7. The Compact confirms and provides the consensus around the goals and priorities that Ethiopia has set to accelerate agriculture growth, improve food security and thereby improve livelihoods, and the partnerships and assistance that are required to achieve these goals. Its ultimate purpose is to: (i) increase the effectiveness of programming and the execution of government efforts as well as of the delivery of external assistance in the agricultural sector, and thereby (ii) provide a solid framework under which public investment and development assistance can be scaled up to help meet the short and long-term investment needs in the sector.

C. **Long Term Vision and Commitment of the Government of the Federal Democratic Republic of Ethiopia with Respect to Economic and Social Development**

8. **Long-term Vision:** The Government of Ethiopia's long term vision for economic and social development is set out in the PASDEP. The objective of PASDEP is to define the nation's overall strategy for development from 2005/06 to 2009/10, to lay out the directions Ethiopia wants to take, with the ultimate objective of eradicating poverty, and *to outline the major programmes and policies* in each of the major sectors. Overall, PASDEP is a planning document which has passed through an extensive process of debate and review within the government, and was sanctioned by the Council of Ministers and Parliament as a legal document. As defined under the PASDEP, the principles of Ethiopia's agricultural and rural development strategy are to:

- a. Adequately strengthen human resources capacity and its effective utilization,
- b. Ensure prudent allocation and use of existing land,
- c. Adapt development path to different agro-ecological zones,
- d. Specialize, diversify and commercialize agricultural production,
- e. Integrate development activities with other sectors
- f. Establish effective agricultural marketing systems, and
- g. Promote sustainable natural resources management, particularly in the context of climate change adaptation.

D. **The Government's Agenda for Agricultural Growth, Poverty Reduction, and Food and Nutrition Security**

9. **CAADP Pillars:** Following the CAADP analytical work in Ethiopia, the Government of Ethiopia's agricultural programs will be based on the following CAADP Ethiopia pillars:

**Pillar I.** Improve natural resources management and utilization;

**Pillar II.** Improve rural infrastructure, market access and trade capacities;

**Pillar III.** Enhance food security and improve disaster risk management; and

**Pillar IV.** Improve the agricultural research and extension system.

10. In the Ethiopia CAADP Report, July 2009, a total of 41 existing and new programs (see Table 9.1 of CAADP Ethiopia Study, volume 1, July, 2009) have been proposed for implementation during the period of PASDEP and its successor.

11. This compact emphasizes that the implementation of the proposed CAADP Ethiopia national agriculture sector programmes are aligned with the Government of Ethiopia's budget manual and the public investment programmes.

E. **Forging Partnerships for the Successful Implementation of the Investment Priorities in the CAADP Ethiopia National Programmes**

12. **Purpose, Principles, and Modalities of Partnerships:** This compact will support partnerships among the Government of the Federal Democratic Republic of Ethiopia, the private sector and agribusiness, civil society, women and men farmers, pastoral communities, and development partners for the successful completion of the CAADP Ethiopia national programmes that are specified in the CAADP Study Report, in the medium run, and of subsequent programmes to be defined under the next version of PASDEP. The partnership modalities and principles follow the consultative, long term, sector-wide strategic planning and sector-wide programme-based approaches promoted under the CAADP agenda. Further

within the COMESA region, the partners supporting the CAADP agenda are urged to support Ethiopia in the implementation of programmes and activities under this compact.

13. **Government Commitments under the PASDEP and Partnerships:** In the context of the Paris Declaration on Aid Effectiveness, and the Accra Action Plan, the Government of the Federal Democratic Republic of Ethiopia confirms its commitment to promote long term economic and social development to reduce poverty and achieve food and nutrition security, as identified in the current PASDEP, and its successor. It confirms the CAADP as useful framework to achieve the objectives related to the country's vision for economic and social development, specifically the vision for the agricultural sector through development of the private sector, supported by an active state, trade openness, and continued maintenance of macroeconomic stability. It will endeavor to ensure efficiency and effectiveness of public expenditure in pursuing the implementation of the PASDEP agenda as its action plan to continue to sustain the 10% growth rate over the next 5 years, with particular attention to the need to improve the information base to evaluate the impact of public expenditure interventions. The Government of Ethiopia commits, at minimum, to maintain the Maputo decision by African heads of state and government of the African Union to allocate 10% of its national budget to the agricultural sector, and will strive to sustain or increase the current share of 13%. Under the principles of transparency and accountability, the government will ensure maximum efficiency and effectiveness of resources in the sector by prioritizing and focusing on the key programmes that bring lasting development results by:

- working with all parties and other relevant stakeholders,
- institutionalize CAADP in the national system and
- monitor the implementation of CAADP Ethiopia.

14. **Development Partners' Commitments under the PASDEP Agenda:** The development partners recognize CAADP as an effective vehicle for ensuring that resources are targeted to Ethiopia's plans and priorities. They further acknowledge that country ownership must begin with the national political will to develop and implement comprehensive agricultural growth, food security and related strategies, based on sound evidence, inclusive consultation, domestic investment and clear directions. In the context of the Paris Declaration on Aid Effectiveness, and the Accra Action Plan, development partners confirm and acknowledge the PASDEP and realize that achieving the MDGs and meeting Ethiopia's development objectives will require increases in the volume and quality of public investment, including development assistance. Therefore, they commit, collectively, to align assistance to the agriculture sector with the programmes and priorities identified in the CAADP Ethiopia Pillars and to support the basis for scaling up assistance - whether financial, in-kind or technical assistance - over the next 5 years to help meet investment costs of programmes, consistent with rigorous evaluation of the impact of government interventions. In the same spirit, they will commit, in consultation with the government, to provide indications of future aid to the sector on a multi-year basis in order to improve predictability and allow better planning, budgeting, and implementation. They commit to provide such assistance as far as is practicable in line with the preferred modalities and principles of the CAADP agenda, including the principles and mechanisms for dialogue, coordination, mutual review, and accountability.

15. **African Union, COMESA and regional partner commitments under the Maputo declaration:** The African Union, COMESA and its regional partners commit through the Maputo declaration of 2003, to support Ethiopia in its endeavours to define priority programmes that enable the country to meet the objectives of CAADP and be on the road to attaining MDG1. In this regard the African Union, COMESA, CAADP pillar institutions

(e.g., FARA), and other regional partners will support Ethiopia's national strategies as defined in the PASDEP and this Compact through mobilizing of political, financial and technical support.

16. **Commitments of the private sector and civil society:** Given the need to work in partnerships to achieve the Millennium Development Goals, the private sector and civil society commit themselves to effectively partner with the government and other relevant stakeholders in establishing enterprises and initiatives that will have measurable impact in reducing poverty levels in the country and increasing economic growth.

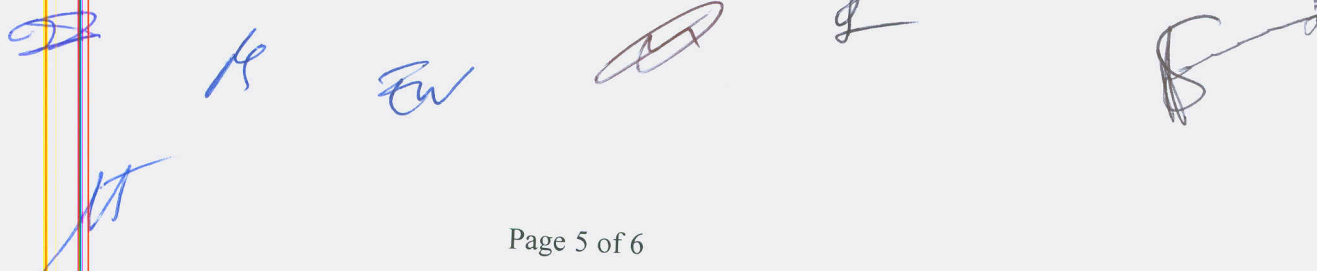
#### F. **Implementation of the PASDEP Partnerships**

17: **Coordination, harmonization and alignment:** Coordination of programmes, harmonization among development partners, and alignment with Government of Ethiopia priorities will take place within the multi-stakeholder RED&FS sector working group platform under the leadership of the Ministry of Agriculture and Rural Development. This will include all relevant Ministries, Development Partners, Civil Society, Private Sector, Farmers, pastoralist and other important parties.

18. **Funding mobilization and timeframe:** Government of the Federal Democratic Republic of Ethiopia and Development Partners will mobilize funding to: (i) strengthen implementation through mobilization of resource in 2010 of the PASDEP programmes that are ready or ongoing and need scaling up; and (ii) finalize in 2011 Government of Ethiopia operational investment plans for the remaining components contained in the CAADP Ethiopia Study in order to start their implementation no later than the end of the same year. For this purpose, immediately following the signing of the CAADP Compact, the Government of Ethiopia and development partners will undertake consultations to develop a policy and investment framework (PIF). The objective of the PIF is to provide a national level strategic planning framework that is used to guide the prioritization, planning and implementation of current and future public and development assistance investments that contribute to overall agricultural growth and development. The PIF will be aligned with the next phase of PASDEP.

19. **Implementation capacities:** Government of the Federal Democratic Republic of Ethiopia commit to strengthen capacities in order to meet the personnel, institutional, and logistical requirements for timely implementation of new and existing initiatives. Development partners jointly with the Government of the Federal Democratic Republic of Ethiopia to commit to support the necessary technical and financial assistance to help meet the above capacity requirements.

20. **Ongoing learning, information sharing and monitoring and evaluation:** The Government of the Federal Democratic Republic of Ethiopia and its Development Partners agree to mobilize funds and work together to develop and implement a monitoring and evaluation system for CAADP implementation including peer review. This will include analytical studies, impact assessments, and information sharing for continuous policy and programme development process.



## G. Endorsement

By endorsing this Compact:

- 1) the Government of the Federal Democratic Republic of Ethiopia pledges to fulfill the commitments specified therein, in line with the goals, objectives, principles, and modalities laid out in the PASDEP and CAADP framework;
- 2) the Development Partners pledge, collectively, to fulfill their development support commitments to the Federal Democratic Republic of Ethiopia;
- 3) African Union, COMESA, and other regional partners, pledge, collectively, to fulfill the commitments specified therein in line with the Maputo declaration and global principle of CAADP implementation.
- 4) The private sector and civil society, collectively, pledge their support to realizing the objectives and aspirations of this compact.

Signed at Adama, Ethiopia, August 28, 2009.

On behalf of the Government of the Federal Democratic Republic of Ethiopia:

  
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H.E. Ato Tefera Derbew, Minister, Ministry of Agriculture and Rural Development

  
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H.E. Ato Ahmed Shide, State Minister, Ministry of Finance and Economic Development

  
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H.E. Tumusiime Rhoda Peace, Commissioner for Rural Economy and Agriculture, on behalf of the African Union Commission

  
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H.E. Mr. Stephen Karangizi, Assistant Secretary General of COMESA, on behalf of COMESA

  
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Ato Tsegaye Abebe, President of Ethiopian Horticulture Producers and Exporters Association, on behalf of the Private Sector

  
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Dr. Solomon Belete, President of Ethiopian Association of Agricultural Professionals, on behalf of Civil Society

  
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Mr. Edmond Wega, on behalf of Development Partners