Unit 7: Ethiopia's Sectoral Policies and Strategies

Agricultural Transformation: From Uni-modal to Bi-modal Strategies

The unit begins by dissecting the agricultural sector, which has historically formed the backbone of the Ethiopian economy. It highlights the shift from a **uni-modal** agricultural strategy to a **bi-modal** approach:

- **Uni-modal Agricultural Strategy:** This approach, often favoured in the past, concentrated on a single dominant agricultural product or sector. While it could yield short-term gains, it often led to vulnerabilities due to dependence on one crop and neglected the potential of other agricultural activities.
- **Bi-modal Agricultural Strategy:** This strategy, gaining prominence in recent times, promotes a more diversified agricultural sector with a focus on both smallholder farming and larger-scale commercial agriculture. By incorporating both models, it aims to enhance productivity, ensure food security, and promote agricultural exports.

Navigating Policy Shifts Across Different Regimes

The unit traces the trajectory of agricultural policies across different periods in Ethiopia's history:

- **Imperial Era (Pre-1974):** During this period, agricultural development received less attention compared to industrial growth. Policies often favoured large-scale commercial farms and neglected the potential of smallholder farmers, leading to disparities in agricultural productivity and incomes.
- **Derg Regime (1974-1991):** This period witnessed a drastic shift towards socialist policies, with a focus on collective farms and state control of agricultural production and distribution. However, these policies often proved inefficient and led to declining agricultural output, contributing to food shortages and economic stagnation.
- **Post-1991 (EPRDF and Recent Governments):** Following the EPRDF's rise, Ethiopia underwent significant economic liberalization, with agricultural markets being opened up, subsidies removed, and a greater emphasis placed on private sector participation. The government introduced various initiatives like the **Comprehensive Package Program** and the **Minimum Package Program** to support smallholder farmers, enhance productivity, and improve market access.

Challenges and Strategies in the Industrial Sector

The unit transitions to the industrial sector, examining its evolution and the challenges it faces:

- **Early Industrialization Efforts:** The unit briefly touches upon the industrial policies of the Imperial and Derg regimes, noting their focus on state-led industrialization and import substitution. However, these approaches often resulted in inefficient industries that struggled to compete in the global market.

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- **Post-1991 Industrial Policy:** Following economic liberalization, Ethiopia adopted a more market-oriented approach to industrial development, with the private sector playing a leading role. The government identified priority sectors for investment, such as textiles, leather products, agro-processing, and construction. It also emphasized the development of **micro and small enterprises (MSEs)** as a means to generate employment and promote inclusive growth.

The Service Sector's Growing Significance

- **Education:** The unit emphasizes the government's commitment to expanding access to education at all levels. It also acknowledges the challenges of quality improvement, high dropout rates, and the need to address inequalities in educational opportunities.
- **Health:** The unit notes the historical challenges faced by Ethiopia's healthcare system and the efforts to improve access to basic healthcare services, particularly in rural areas. It mentions the adoption of a **primary healthcare approach** and the need for greater collaboration between public and private healthcare providers.
- **Transportation:** The unit recognizes the importance of transportation infrastructure for economic development and the government's investments in road, rail, and air transport networks to improve connectivity and facilitate trade.
- **Tourism:** The unit identifies tourism as a potential growth sector for Ethiopia, highlighting the country's rich cultural and historical heritage, as well as its natural beauty. It acknowledges the need for infrastructure development and promotional efforts to attract more tourists.

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