



POLICY PERSPECTIVES

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Agricultural Transformation in Ethiopia: Policy Lessons for Malawi

Significant agricultural transformation – defined as a shift away from subsistence to more productive and commercialized farming and the associated development of off-farm agrifood systems – is key to addressing food insecurity, malnutrition, low income, youth unemployment, and rural poverty. However, in most countries of sub-Saharan Africa (SSA), farmers still struggle to create wealth through farming and agrifood system development. Malawi has devoted considerable effort to promote agricultural transformation initiatives, but productivity growth in agriculture remains low and most farming households continue to be food insecure and poor. Relying on my experiences from leading Ethiopia’s Agricultural Transformation Agency (ATA), this Perspective highlights several key lessons that could be useful in Malawi’s pursuit of growth and transformation.

The founding of the Agricultural Transformation Agency

Like many African countries, growth of the Ethiopian agriculture sector was inhibited by a lack of focus and prioritization, a disjointed policy making process, a lack of analytical capabilities, low implementation capacity, and a lack of coordination and collaboration. To understand and address these challenges, a study was commissioned at the request of the Prime Minister to investigate institutional mechanisms which would help spur growth and transformation of Ethiopia’s agriculture sector. A major critical lesson that emerged from this study was that discontinuity between development assistance and government priorities, as well as an underappreciation for the complex interconnectedness of issues – like climate, gender, nutrition, in addition to agricultural productivity and marketing – had been limiting agricultural growth in Ethiopia. The study recommended that an “acceleration unit” be established to coordinate and drive implementation of key focus areas.

Thus, the independent Ethiopian Agricultural Transformation Agency (ATA) was founded with four mandate areas: (i) conduct studies to identify systemic constraints to agricultural development and recommend solutions for sustainable structural transformation; (ii) follow-up with implementation of priority recommended solutions as projects; (iii) provide implementation support and capacity building to others for the recommended solutions; and (iv) coordinate activities among agricultural institutions and projects. The activities related to agricultural development would help to catalyze agricultural transformation by focusing on two complementary approaches: systemic

interventions support (to address bottlenecks in the agriculture sector) and geographical programs (to coordinate agricultural projects in specific locations).

Accomplishments and success factors of the ATA

The agricultural transformation initiatives championed by the Ethiopian ATA have several achievements and success stories at both macro and micro levels. Overall, the ATA has generated an increase in Gross Domestic Product (GDP) of US\$ 1.7 billion by coordinating research studies, projects, implementation support and fostering linkages between these efforts.¹ This represents a more than ten times return on the funds invested into the Ethiopian ATA by the Government of Ethiopia and its development partners. Through the ATA's work, farming households have significantly increased agricultural production, income and reduced poverty levels.

For example, the Ethiopian ATA designed and coordinates the Agricultural Commercialization Clusters (ACC) program, which aims to double the incomes of five million smallholder farmers through a geographically clustered and market-driven approach. In addition to specific agricultural interventions, the ACC program links actors all along a commodity value chain – researchers, input providers, farmers, traders and buyers, agro-processors, investors, government, among others – in local Value Chain Alliances to unblock bottlenecks and form commercial linkages. The ACC program also coordinates stakeholders across the public, private, and development sectors at regional and national levels to address systemic issues. The program has achieved significant success. Compared to non-ACC districts, yields in ACC districts were 14-69% higher for key crops in 2019.² In 2020, 2.3 million metric tons of marketable surplus worth 33.4 billion ETB (approximately \$900 million USD) sold through structured mechanisms in ACC districts.³ ACC malt barley clusters have been successful in increasing local production to fully substitute imports, have facilitated over \$100 million USD of foreign direct investment, and fundamentally changed the structure of the malt barley industry in Ethiopia.⁴

A key to the successes of the ATA is its unique combination of capabilities – economics, business leadership, finance, extension, crop science, etc. – in one public sector institution that also has world-class problem-solving and analytical capabilities alongside project and program management and

¹ FAO. 2020. Ten years of the Ethiopian Agricultural Transformation Agency. An FAO evaluation of the Agency's impact on agricultural growth and poverty reduction. Rome. <https://doi.org/10.4060/cb2422en>

² Ethiopian ATA. 2020. ACC 18-Months Reporting.

³ Ethiopian ATA. 2020. ACC Program Management Office. Conversion to USD approximated using the average November exchange rate of 37.6 ETB to 1 USD.

⁴ Ethiopian ATA. Trade and Investment Project. Project Documents.

delivery skills. Most importantly, the ATA has developed a strong working collaboration with the Ministry of Agriculture, other public sector institutions, the private sector, and civil society. This has allowed the Ethiopian ATA to engage with these stakeholders in order to address a broad spectrum of issues constraining agricultural transformation. ATA's success has further been driven by its willingness and ability to function as an adaptive and learning organization that is responsive to changing needs, as well as being constantly guided by evidence regarding what does or does not work.

Relevance for Malawi

While agriculture remains vital to Malawian success, the sector still faces challenges similar to those faced by Ethiopia. Therefore, the ATA model could be replicated and adapted to meet Malawian needs.

The critical factors that led to the success of the Ethiopian ATA include hands-on engagement and support from the Head of State, flexibility to improve on successes while also admitting and learning from mistakes, targeting and focusing on areas that provide the most room for growth, the ability to bring new capabilities into the sector, and building an esprit de corps among the staff. The ATA was also born under several key enabling conditions – e.g., the basic building blocks for agricultural transformation, such as a strong governmental vision and commitment to agricultural development, a supportive policy environment, and an appreciation for data-driven decision-making; a broad base of partners invested in the agriculture sector and committed to making the collaboration between the ATA and other stakeholders a success; and the ability to secure flexible funding arrangements, including for core funding, which allowed the organization to proactively test innovative solutions. Any effort to reproduce the ATA's successes should begin by ensuring similar groundwork has been laid.

Lastly, I outline several specific recommendations for government and other key stakeholders to ensure a transformational agriculture sector in Malawi:

- i) Embrace strong political will at the highest level, especially the state president, to support agricultural transformation initiatives.
- ii) Provide clear implementation strategies on how bottlenecks to agricultural transformations could be addressed.
- iii) Adopt a coordinated and collaborative approach – e.g., among researchers and policy makers – to multisectoral problems or challenges facing the agriculture sector.
- iv) Increase investment in research and development to generate robust homegrown evidence to inform policy change and decision making.

- v) Propagate the culture of high-level professionalism across the agriculture sector that may incentivize high productivity levels for human resources.
- vi) Use a systems approach – e.g., policy reforms may need to address systematic and institutional failures in irrigation, extension, input and output marketing – as a mindset for addressing agricultural problems or challenges.
- vii) Make sure that an appropriate institutional system is in place to manage the transformation process and ensure that the transformation agenda can stay on-course.

I am confident in Malawi's capacity to grow, transform and see a brighter future. I hope Ethiopia's experience can provide some guidance.

Khalid Bomba is the founding Chief Executive Officer of the Ethiopian Agricultural Transformation Agency, an independent government body modeled on the Nodal Agencies, which were integral during the take-off phase on many Asian countries during the second half of the 20th century. Prior to joining the ATA, Khalid held senior level and executive positions in a diverse set of public, private and development institutions such as Bill and Melinda Gates Foundation and JP Morgan. Mr. Khalid received his BA from Swarthmore College, an MSc from the University of Oxford and a second MSc from the London School of Economics.

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