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Performance and challenges of agricultural governance reforms in Oromia Region, 2018-2022: an exploratory study

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Abstract: *This study analyses the impact of agricultural governance reforms in Oromia that started in 2018 as viewed and experienced by experts in the Oromia Region’s government structure. It also aims to identify major challenges of the reform. The study used both primary and secondary data collected from different Regional bureaus. The research outcomes showed that the Oromia Regional Government made an effort to implement the agricultural governance reforms so as to transform the agricultural sector, aiming at ‘good governance’. According to the survey outcome, 87 percent of the respondents were familiar with the planned regional agricultural governance reforms. Since the reform period started, production, productivity and product diversification were indeed improved in the Oromia Region. In addition, agricultural mechanization and the agricultural loan system were expanded due to the reforms. Still, various challenges in the governance reforms remain, in terms of loan availability, sectoral integration and basic infrastructure provision. The study recommends the acceleration and intensification of the reforms to maintain the speed of agricultural development uptake for attaining food security and at the same time to realize sectoral transformation at the regional level, and connecting with local agricultural producers and farmers on policy development.*

Keywords: Agricultural policy and reform, Oromia Region, agricultural production, food security issues, ‘good governance’.

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1. Introduction

Agriculture is a key sector for almost all developing countries, including Ethiopia. One of the factors influencing agricultural production improvement is government intervention, preferably with reference to 'good governance' indicators. The performance and strength of the agricultural sector is for a large part influenced by the effectiveness of governance and the interaction of governments with the food producers: farmers and companies.

For many in the development community, 'good governance' has become an imperative to agricultural development and transformation. According to a well-known 1993 World Bank definition, governance is "...the method through which power is exercised in the management of a country's political, economic and social resources for development". The 1997 UNDP definition was follows: governance is "...the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences". GG, clearly a contested, normative concept, is seen here in a general sense as referring to lawful, inclusive, accountable and moderate administration and policy of (state) authorities toward a country's citizens in various domains – i.e., agrarian policy here - and for the general benefit. It involves actor such as the national government, companies, political parties, the military, non-governmental organizations, foreign donor organizations and even influential individuals (see Graham, *et al.* 2003).

Good governance (GG) is much touted as an ideal but difficult to realize in countries with underdeveloped economies and politically volatile policy environments, such as Ethiopia.

Donor country policies have an impact on its formulation and financing but local governments in the developing world also contribute set the rules and norms that ideally strengthen the ability of the public and private sectors to play a meaningful role. Ultimately, without good governance, economic growth creates inequality and discrepancies within a society's social and economic sectors. This study examines the case of attempted 'GG' in the agricultural sector of Oromia Region, Ethiopia, as part of the 'Reform Agenda' of the Federal government, set out in 2018.

Agricultural sector governance matters because agricultural development is central to address rural poverty and improving livelihoods in a sustainable way. Most households depend still on subsistence agriculture, and stronger sector governance might provide them with the conditions and incentives to reap greater benefits and suffer fewer risks. Strong sector governance can also help the sector to be competitive, enhance investment finance in agriculture and boost inter-regional Ethiopian and also intra-African trade.

The agricultural sector is the mainstay of Oromia's regional economy: it has more than 44 percent of the regional economic output, 90 percent of exports and 80 percent of regional employment. Since the latest reform period, started in 2018, the

Oromia regional government, inspired by federal government reform plans, considers agriculture as the main priority area to transform the regional economy. During the past years, the Oromia regional government took bold decisions towards reform in sector. They were taken after intensive research conducted by higher-level professionals from different organizations and universities and policy documents were prepared. An agricultural transformation council was established under the Oromia research council and it had to come up with recommendations to enhance production and productivity. One of the major administrative actions taken was to increase in the number of participants in the development of the Region's agriculture on the level of executive branches/bureaus (despite doubts about the extra bureaucracy and staff costs). Also experts from higher education institutions, NGOs and federal research institutions were involved.

The often mentioned main challenges to effective agricultural sector governance are: limited knowledge of the sector's needs, limited buy-in from sector stakeholders, and limited resources. Many actors have tried to transform the sector through uncoordinated interventions which are difficult to scale up to the sectorial level without strong sectoral governance in place. These are still enduring, urgent challenges for Oromia Region's agricultural policy.

So what has happened in terms of agrarian policy and productivity reforms in Oromia and what have been the effects after four years? This preliminary study has addressed the knowledge gap on the impacts of government measure on improving agricultural sector in Oromia and hopes to add ideas on further finetuning the reforms.

2. Methodology/ methods

The scope of the study was on the impact of agricultural governance reform in Oromia national regional state as observed and reported by experts and on the basis of government plans. The study used both primary and secondary data concentrating on the period 2018-2022. The primary data were collected from regional experts working in the Agriculture and the Irrigation and Pastoral Development Bureaus. Both bureaus were selected purposely because they actively participate in the reform activities. A larger sample (60 percent) was taken from the Agricultural Bureau due to the number of its workers and its expertise. The remaining 40 percent was from the Irrigation and Pastoral Development Bureau. A structured questionnaire was used to get the views from these experts. The respondents were randomly selected. The total respondent number was 100, collected from agricultural and irrigation bureau in the Oromia region. Out of 100 questionnaires distributed, 94 were returned. The respondents' work places were the regional bureaus for agricultural, irrigation and pastoral development, the most important actors/partners in agricultural reform and transformation in the region.

The secondary data were collected from different bureaus in the region, such as the Agricultural Bureau, the Oromia Planning and Development Commission, the Central Statistical Agency branch and some other sources (reports, concept notes, policy papers, etc.). The study applied descriptive analysis for both the primary and secondary data.

3. Results

First a word on actual agricultural growth in Oromia Region in the years 2018-2022. During these last four years the government's policy on agricultural governance reform positively impacted on agricultural production and productivity. It facilitated the injection of new financial resources in the sector. It has also influenced the composition and the technology application in the agricultural sector. But the performance of the sector is not without any challenges and structural transformation is still way off. A thorough assessment of the sector's 'good governance' effects can neither be given yet.

The respondents largely agreed especially on the impact of the reforms regarding their effect on increases in production (54 percent agreed), productivity growth (50 percent agreed) and diversification of agricultural production (46 percent agreed). On other indicators, such as employment creation, farmer income and provisions of loans there was much less agreement. Although 47 percent agreed that the reform had an effect on increasing agricultural incomes, only 29 respondents agreed on the actual increase of farmers' incomes. Of the total respondents, only 31 percent agreed that the impact of the reforms resulted in increasing the income of rural producers. Only 29 percent of the respondent agreed that reform impacts was visible in employment creation, and 24 percent strongly agreed on increased loan provision after the reforms. Finally, about 48 percent thought that loan provision was not addressing the demand for loans in the agricultural sector. There were also respondents who did not have any idea about the reforms and their real impact. Others (a minority) disagreed on the impacts of the reform program. Expert respondents thought that the major challenges of the agricultural reforms were: financial constraints (59.5 percent), marketing development (47.6), and infrastructure development (47.6 percent). Other challenges reported were the poor state of research and innovation and of sectoral integration.

4. Discussion

According to the study's data, expert respondents thought that the major challenges of the agricultural reforms were: financial constraints (59.5 percent), marketing development (47.6), and infrastructure development (47.6 percent). Other challenges reported were the poor state of research and innovation and of sectoral integration. While the agricultural sector is the mainstay of Oromia Region's economy (major share of regional economic growth, employment creation and foreign earnings) and its production and productivity showed signs of growth, the Region still failed to effectively tap the sector's potential to bring structural transformation,

large livelihood improvements, or major expansion of the regional economy. The Regional Government did take various measures, like high-level research on identifying the major challenges of the agricultural sector, area expansion, more investments, cluster farming, agricultural pricing policy, mechanization, increased fertilizer provision and the provision of agricultural loans. But, as the sector's expansion was modest, more can be done. Major challenges remained the shortage of agricultural loans, sector integration, basic infrastructure provision, and product diversification.

5. Conclusion and recommendations

In agricultural policy the Oromia Regional authorities are advised to:

- accelerate and intensify agricultural governance reform to attain the sector's transformation
- identify/secure more potential sources of agricultural loans to meet the large demand
- work more on product diversification
- more emphasize and stimulate the development of the local domestic food industry
- work on better supply chain management and agricultural pricing
- stimulate agricultural mechanization in selected sub-sectors
- engage institutions of higher education and NGOs in its decisions on agricultural development policies
- improve sectoral integration at the regional and local levels
- in terms of 'good governance', more serious consultation and engagement of the farmers/rural producers is needed.

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