Keynote Address by the Prime Minister of the Federal Democratic Republic of Ethiopia
HE Meles Zenawi

To

The Fourth Consultative Group Meeting for Ethiopia
(December 7 – 8, 2002)

Economic Commission for Africa (ECA)
Conference Hall, Addis Ababa, Ethiopia
Distinguished representatives of the Donor Community

Excellencies

Ladies and Gentlemen,

It gives me great pleasure to have this opportunity to address the Fourth Consultative Group Meeting for Ethiopia and to welcome you all, particularly those who have travelled far to attend this important meeting and our partners from the donor community in Addis Ababa, who have done so much to build a positive and creative dialogue on our development program.

This is an important moment in the history of Ethiopian development. After a decade of political and economic reform, I believe that the moment has come when our efforts can begin to make a sustained impact in alleviating poverty and increasing the economic opportunities of our people.

This will be so if Government and donors together forge a new partnership to take committed and decisive action.

Excellencies

Ladies and Gentlemen,

Over the past decade, the Ethiopian Government has implemented a program of comprehensive economic reforms, which has already begun to bear fruit in accelerated economic growth and poverty alleviation. Building on these earlier reforms, the government is now implementing a wide-ranging program of “second stage” reforms, which form a strategy for immediate progress and longer-term transformation of our economy and society.

At this meeting, the Ministers and officials of my government will present to you our strategy as set out in
Sustainable Development and Poverty Reduction Program (SDPRP).

The SDPRP was a new departure, not only for its substantive contents, but also for its manner of formulation. It was developed through a democratic process, based on widespread grass-roots consultation.

The key economic component of the SDPRP is Agricultural Development-Led Industrialization (ADLI) a long-term strategy built on a break-through in agriculture.

For agriculture to act as an engine of growth, supplying domestic and international markets, there has to be increasing technical progress in agriculture and agro-processing, output diversification, and greater market interaction. Specific interventions to accelerate agricultural growth, the key component of the overall development strategy, include improving access to credit for small farmers, promoting rural banks, and increasing access to “menu based” extension packages to enhance farmers choice of technologies, improved functioning of agricultural markets, and strengthening and diversification of autonomous cooperatives to provide better marketing services and serve as bridges between small farmers and the non-peasant private sector.
Excellencies

Ladies and Gentlemen,

This morning, there was a meeting on response to the food crisis we are now facing. Faced with this natural calamity our immediate priority is to avoid famine. Everything must be done to help our people cope with this crisis. However, we cannot let the conditions of crisis detract from our longer-term efforts to change the underlying conditions that make Ethiopia so vulnerable to climatic uncertainties. This current crisis underlines the validity of our longer-term development priorities.

It is only through agricultural growth that we will end food insecurity in our country. The great challenge we face is to take measures that both meet the immediate crushing food need, but which also contribute to longer-term solutions. That is what was discussed this morning in the crisis response meeting.

The medium to long-term target is to reduce the absolute size of the food insecure rural population substantially and end their dependence on food aid. Since there will be continued reliance on food aid during the transition to improved agricultural performance, as sadly confirmed by the current crisis, it will be important to use the resources of food aid to help build the potential of agriculture and rural infrastructure.

Under the SDPRP program we intend to continue to shift resources towards poverty alleviation and implement programs aimed to maximize the economic opportunities for the poor, especially in rural areas.

The implementation of the program is to be through the empowerment of communities. This emphasis on decentralized
In attempting to do this, we are not naïve in supposing that local communities have the technical and institutional capacity to
implement the programs they need. But that capacity can be created through a process of learning by doing. We understand that in that learning process we should draw on the wealth of experience and knowledge of development available in the development community, but that we must also recognise that we are all learners – the local communities, national leaders, technocrats, and donor officials and experts.

And in implementing our new approach to decentralized development, we need to be persistent – to overcome difficulties; to be patient -- if success does not come immediately – and to have humility – in learning from experience and from the knowledge of local people.

**Excellencies**

**Distinguished Participants**

To achieve our vision of decentralize mobilization for development we must also transform our traditional public sector, to make it more efficient, more service orientated, less bureaucratic and more sensitive to grass roots needs.

Our capacity building efforts involve both concerted efforts to increase the professional skills of officials, but also to transform attitudes, so that officials are truly servants of the public, responding to the needs and opportunities of a decentralised, bottoms-up development effort.

When we took over the government of Ethiopia, the economy was suffering from the consequences of failed centralization, when the government had seen itself as controlling too much. In our new model of development, alongside our efforts to reduce central control by transferring resources to the control of local communities, we have also
recognised that much greater use can be made of the potential contribution of the private sector, both national and international.

The policies we have implemented, and are in the process of extending, are intended to encourage increased involvement of the private sector in investment, trade, and production. We are seeking the right balance between government, foreign and national private business, local community and household initiative.

A key role for government spending will be to invest in health, education, water, transport, and agricultural services, to stimulate improvements in agricultural productivity and enhance livelihood options of rural households. Equally important will be the efforts to create a policy environment and incentive structure that encourages the economic efforts of rural households and of businesses both in rural and urban areas.

Excellencies

Ladies and Gentlemen,

This CG meeting is part of a dialogue with the donor community that is laying the foundations of a healthy partnership between government and donors. In that dialogue we have been seeking to agree on a shared agenda, mutual obligations and mutual accountability. The shared agenda is based on the SDPRP, a homegrown and nationally designed policy agenda.

We are happy that the donor community has endorsed the main thrust of the agenda. We understand that the donor community shares the government’s view that the SDPRP provides a good starting point for mobilizing efforts to effectively reduce poverty.
At the same time, both we and our partners recognize that many details of the program and required policy framework have to be completed and that a process of continuous assessment of performance is required to provide the basis for improving and adjusting the program as it is implemented.

One objective of this meeting is to seek concrete commitments to provide resources, in sufficient amounts, through means that ensure predictability and flexibility, to implement the program.

In response to such a commitment, the government recognizes its obligations to manage resources effectively to achieve equitable growth.

An over-arching principle that has been proposed in the dialogue with our development partners is that of mutual accountability, whereby government and donors should hold each other to account for progress in meeting mutual obligations. That is a good principle.

If our government is found to waste money, through corruption or incompetence, it should immediately be called to account. Together, we should put in place effective monitoring arrangements to ensure that both sides of our partnership act to maximize the impact of funds made available. We are too poor a nation to afford waste.

However, I think we can also agree that even more important than mutual accountability within the aid relationship is the accountability of the government of Ethiopia to the people of the country – the aid relationship should be managed in such a way that the intended beneficiaries can monitor the process, assert their own priorities and ensure that their needs are being met.
Care should be taken to avoid situations in which the complexities of aid projects and delivery modalities do not in themselves create barriers to the local communities being able to manage their own affairs, the ideal of current institutional developments in Ethiopia.

Recent donor emphasis on the importance of partnership and “national ownership” is a response to the perceived failures of donor-led development efforts in many parts of the developing world in recent years. To be frank, however, we are not sure that it is yet fully recognized that national ownership must mean that from time to time national decisions will be made which are at variance with donor priorities or established practice. We should always be willing to listen to advice and draw on the knowledge and experience at the disposal of donors, but we should also take responsibility for our national policies, be willing to take risks in innovating, and achieve our own successes and make our own mistakes.

Excellencies

Ladies and Gentlemen,

Together, we have to develop improved partnership mechanisms for policy dialogue, resource mobilization and management, for implementation of the SDPRP, at the same time as insuring that this does not shift the arena of decision-making from our decentralized political institutions to a centralized government-donor decision-making mechanism.

Our approach will only be sustainable if we involve local communities in their own self-development and management of poverty reduction interventions.

We hope that this consultative group meeting will be the starting point for a renewed partnership of enhanced co-operation
and collaboration, based on trust and mutual respect. We believe we have made great progress in developing a healthy dialogue and that the SDPRP provides a good framework for government, donors and the people of Ethiopia to work together.

Our intention is that the SDPRP and the programs to be implemented will first and foremost produce benefits for the poor, by providing opportunities for the poor to improve their own lot. We want swift results but recognize that our goals will not be achieved in one planning period but will require a long-term commitment. Moreover, we also recognize that the success of the strategy will depend on putting in place an iterative learning process, through which the poverty reduction strategy will be monitored and updated. And to implement the strategy, we must make long-term efforts to build capacity and strengthen institutions, particularly at the local level.

We are at a moment when we have an exciting opportunity to work together in a renewed effort to generate broad-based, sustainable development, and in so doing create a new spirit and new basis for genuine partnership between the government, donors and, most important, the common people of Ethiopia.

Again, welcome to this meeting. We look forward to intensive and rewarding discussions confident that we share a vision and a deep concern for the plight of the Ethiopian people. Let us work together to make the shared vision a reality.

Thank you