



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



Photo: David Brazier, IWMI

Performance of Ethiopia's duty-exemption policy reform for irrigation pumps and equipment

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□ The reform and its drivers

- In 2019, MoF approved imports of **agricultural mechanization, irrigation and animal feed technologies, and equipment** to be duty and tax free
- This study focused on irrigation pumps and equipments.
- The main drivers behind the reform include high cost, limited adoption, long supply chain and low quality of irrigation equipments

□ Objective of the study

- Assess the performance of the duty and tax exemption reform on irrigation technologies and equipments

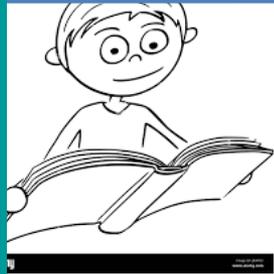


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Methodology

Qualitative approach



- GO, NGOs → 15
- Importers & retailers → 22



❑ Communication of the reform

- ❖ MoF sent out the document to MoA , Customs Commission and MoR
- ❖ MoA conducted a launching workshop, TV interviews
- ❖ Some of the informants heard of the policy through **associations** and **personal networks**,
- ❖ **However**, most key informants (**NGOs**, **experts from agriculture bureau experts** , **importers** and **retailers**) are not familiar with the reform

→ **Policy was not well communicated among the key stakeholders**

❑ Coordination

→ So far, close to no coordination among the implementing organizations
(MoA, MoF, MoR, Customs Commission)

❑ Monitoring and evaluation

- 1 → submit reports to the MoF on **the price** of the equipment accompanied with the list of beneficiaries every 3 months,
- 2 → submit **performance** reports to the MoF every 6 months to make sure that the reform is used for the intended purpose
- 3 → conduct **impact assessment** of the reform on production and productivity of agriculture at national level

So far, these reports have not been submitted (according to the MoF)

□ Impacts/achievements

- ❖ The reform attracted several new importers (**KI from MoA and Importers**)
- ❖ The reform improved accessibility of equipment by end users (KI from MoA) → **No evidence ... importers did not agree that access has improved**
- ❖ No evidence on improvement of affordability of pumps and equipment by end users

❑ Key challenges and bottlenecks

- ❖ Weak **coordination**, limited **capacity** and lack of **accountability** of implementing organizations
- ❖ **Limited communication** of the reform and associated documents
- ❖ **Information asymmetry** and lack of transparency in terms of information provision
- ❖ **Different level of understanding** of the reform even within MoA

❑ Key challenges and bottlenecks.....

- ❖ Long and too much bureaucracy of permit letter process at the MoA
- ❖ **Cumbersome mechanism** of delivering the duty-free equipments to the **end users**

- ❖ Absence of foreign currency for duty exempted equipments

So, the policy is like “ስጋ ስጥቶ ቢላ መክልከል” ዓይነት ነዉ

- ❖ Lack of clear **monitoring and evaluation framework** with baseline data

❑ Measures to enhance the performance of the reform

- ❖ **Establish coordination** among the implementing organizations to effectively implement the reform → Platform/ steering committee
- ❖ **MoR should be involved when importers abuse their privileges**
- ❖ **Strengthen the capacity** of implementing organizations
- ❖ **Transparent and efficient communication** on the revised list and directives → through **extension services, SMS, social media, TV, associations, etc**

❑ Measures to enhance the performance of the reform

- ❖ **Revise the reform and address the challenge of locally manufactured irrigation equipment**
- ❖ **Avoid the permit process at the MoA, everything should be finalized at the Customs Commission**
- ❖ **Establish an online tracking system to monitor duty-free imported items**
- ❖ **Fix the problem of the pump testing center at ECAE; MoA should work closely with ECAE and SGS**



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