

What can Ethiopia learn from the Brazilian sugarcane sector development?



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Background

- ❖ Brazil is a pioneer with regard to the utilization of sugarcane biomass
- ❖ Brazilian National Ethanol Program (Proalcool), launched in 1975 as a government intervention
- ❖ With the 2nd GTP, Ethiopia aims to intensively upscale their sugarcane sector
- ❖ Major driver was/is the dependency on imported fuel → substitute with ethanol

Limited understanding of:

- the institutional setting of the sugarcane sectors
- similarities and differences between Brazil and Ethiopia

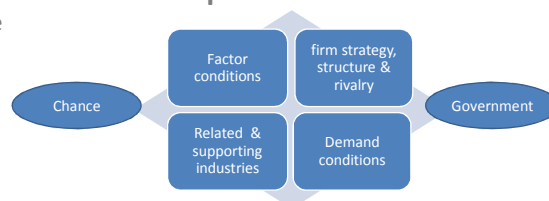


Objectives

Compare characteristics of the sector in the two countries

- ❖ Stakeholders
- ❖ Institutional linkages
- ❖ Policies

Concept: Porter diamond

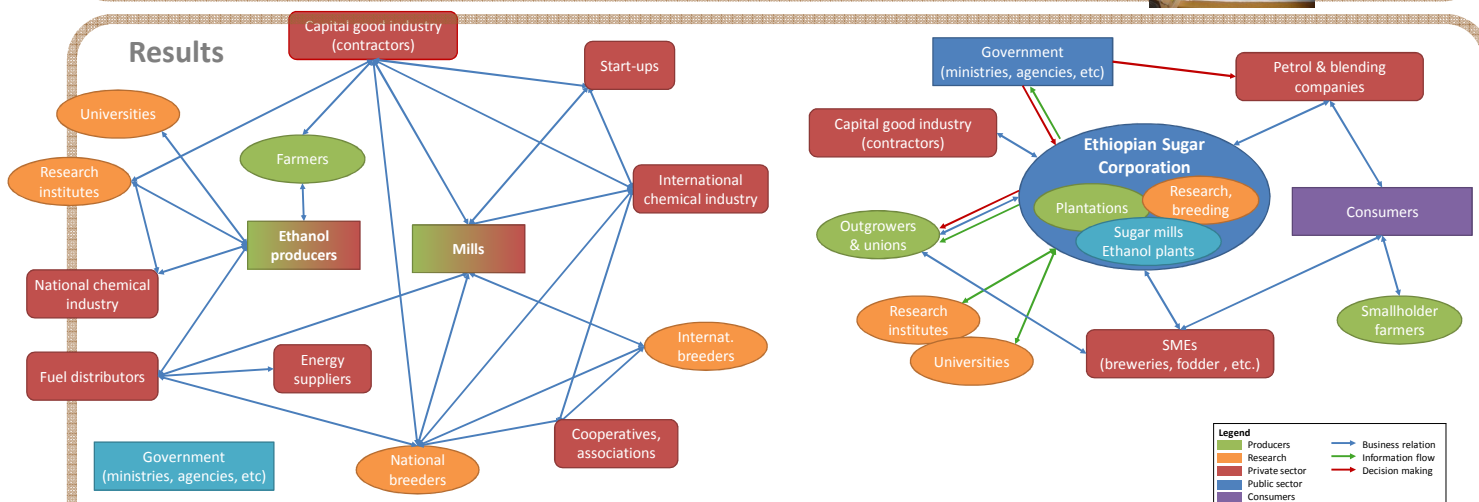


Methods

- In-depth interviews
- Group discussions
- Net-maps



Results



Brazil	Diamond elements	Ethiopia
Oil crisis (1973, 1979)	Chance/shock	Most foreign exchange used for fuel imports
Very favourable	Factor conditions	Very favourable
Low during early times, now strong and well established private sector	Structure & rivalry	Centered around Ethiopian Sugar Corporation, still little private sector involvement
Developed over time, well established, diverse	Related industries	Limited to beverage and animal feed industry
High, increased with 2003 flexfuel technology	Demand conditions	Large supply gap in all aspects (sugar, ethanol, etc.)
High influence during military rule, now ?	Government	Driving force and central body of influence

Conclusion and the way forward

- ❖ Ethiopia shows similarities with the early phase of Brazil's development in the sugarcane sector
- ❖ Brazil invested in research from the early stages on
- ❖ Brazil has a complex network of different stakeholders and actors
- ❖ Ethiopia is still driven by a single main actor (Ethiopian Sugar Corporation) and could benefit from Brazil's experience and knowledge
- To reach a sustainable sugarcane sector, Ethiopia may learn from Brazil's historical development and current institutional setup
- Assess existing policies (e.g. Policy Analysis Matrix) in both countries