

## **Entrepreneurial Aspects of Biofuel Out-grower Schemes in Ethiopia**

Atakilte Beyene<sup>1</sup>

<sup>1</sup>Stockholm Environment Institute, Stockholm Environment Institute, Stockholm, Sweden

atakilte.beyene@sei.se

Political interference, agricultural market distortions and spatial relocation of rural dwellers in rural areas in the 1980 and 1990s not only eroded rural entrepreneurship but also caused widespread distrust and insecurity among rural people. Structural adjustment programs of the 1980 and 1990 also weakened comparative advantages of smallholders' share in global commodity productions. The outcomes of these have been scramble into diversification of off-farm and non-farm sources of income and occupational adjustments. The household-based smallholder farming system continued to be subsistence oriented, risk averse and poorly integrated into industrial and value chains.

Over the last few years, however, rural Ethiopia faces changing state-rural relationships, broad processes of globalization and commoditization, increasing role of the private sector, increasing urbanite interest in agriculture, growing global and domestic demands for 'new' agricultural commodities, and changes in government policies. As these processes unfold, how rural people are coping with and responding to the emerging context and multiple goals of other, often powerful, actors is critical for the overall outcome of the interactions.

This paper reviews the introduction and expansion of biodiesel feedstock (e.g., *Jatropha curcas*) out grower schemes among the smallholder farmers. It explores policy conditions related to producer organizations, rural micro finance, and labour employment. It presents some examples, such as the shift from social and informal negotiations to contract and formal agreements.