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I. Editorial

Joint efforts of professionals through their associations would have a paramount importance in augmenting limited research endeavors by formal academic institutions and government organs. This was one of principal rationales for the formation of the Ethiopian Economic Association (EEA) in 1991. Pursuant to its objectives, the association initiates, coordinates and publishes research activities and organizes various forums for exchange of ideas among professionals. To further strengthen the capacity of discharging its responsibilities in an institutionalized manner, EEA established a research and publication wing, named the Ethiopian Economic Policy Research Institute (EEPRI) in July 2000.

EEA and its research wing EEPRI, with the support of other stakeholders, have accomplished various activities. This report aims at presenting major activities of EEA and EEPRI for the period June 2000 - July 2002 and the audited financial report of EEA/EEPRI until December 31st. 2001. It would continue to be part of the activities of the Institution to produce reports of this kind on an annual basis.

Message from the President



This year's report is made up of three major items that aims at informing you on the activities and status of your Association. The first part reports on the activities of the Executive Committee since the last general assembly. The Second part is the report of the activities of the Ethiopian Economic Policy Research Institute (EEPRI), the research arm of your Association. The third part is the audited financial report for the Association's financial year of 2001. The audited financial report for the

first six months of 2002 is presented separately.

The central messages of these reports are that your Association is dynamic and is financially sound.

Your Association has made very encouraging progress over the last two years. The result has, hopefully, been of benefit to the economics profession, you the members and the public at large. The debate on economic issues through the bi-monthly round table has focused on issues of critical importance to the nation and included representation of all concerned. This activity has and aims to serve as a bridge between government, economists and the private sector and would hopefully continue in the future. Our active involvement in creating and raising the awareness of the public for the PRSP process has been most satisfactory. The range and depth of research undertaken has been very much appreciated. Our annual conference on the Ethiopian Economy is no more a purely domestic activity but an international phenomenon.

The training program designed to improve the professional standing of its members, the Internet service which you the members have been using are important break throughs. The library with its most up to date and fast increasing collections has proven of benefit to those who needed it and have the time to use it.

The most important activity of the Executive Committee during the last two years were the streamlining and strengthening of EEPRI which was established in June 2000 as the research arm of your association. I am glad to acknowledge that EEPRI has made significant progress and has established itself as the premier research center in the country and has won international recognition as such.

The financial position of your association is very sound. The resources were mobilized mainly through the activities of EEPRI. During the last year alone EEA/EEPRI have mobilized substantial sums of money beyond the core budget for the various activities of the institute.

We must make sure that our association remain at least as active and where possible broaden its vista and strengthen its capacity as well as ensure its financial sustainability

The training for its members which kicked off this year must be broadened and deepened. The Internet Service which its members have been using needs to be exploited more as should the library.

We must ensure the financial Viability of our Association. To this end, the Association should broaden its consultancy services in addition to donor support. The important point here is that your Association must stand on its own feet and not depend on donor support for ever.

A major requirement for the sustainability and self reliance of your Association is for it to have its own building in the next two years and we have mobilized a reasonable amount for the next Executive Committee to start the process.

Finally, I am glad to inform you that your Association is the most active of all the professional Associations in the Country. Your Association has been sought by others for advice and support which was readily given. We should continue as such in the years ahead.



Befekadu Degefe (Ph.D.)

President

**I 10th General Assembly of the Ethiopian Economic
Association (EEA)
Annual Report of the Executive Committee
August 2001 - July 2002**

1. INTRODUCTION

The report covers the activities undertaken by the Ethiopian Economic Association during August 2001-July 2002.

The Ninth General Assembly, after hearing the report of the Executive Committee (EC), discussed the achievements and the problems the Committee encountered while discharging its responsibilities and underscored the following as activities to be given due attention for the coming year:

-strengthening the Association through increased membership and strengthening the Secretariat and the newly established research arm of the Association (the Ethiopian Economic Policy Research Institute (EEPRI));

-organising the Eleventh Annual Conference on the Ethiopian economy, and round-table discussions on policy relevant and timely economic issues as forums for the exchange of views;

-publication and distribution of its journal, the *Ethiopian Journal of Economics*, and volumes of proceedings of workshops, round-table discussions and conferences which continue to serve as invaluable outlets for the dissemination of the results of research by members; and

-efforts of fund raising to finance these activities.

After providing an inventory of these activities, the report tries to highlight the main problems the EC encountered while discharging its responsibilities and the planned activities to be taken up by the EC.

2. ORGANIZATIONAL ACTIVITIES

2.1 The Ethiopian Economic Policy Research Institute (EEPRI) and Staff of the EEA

While an Advisory Board of the EEPRI had been established and the EEPRI is functioning under the EC, a consultant selected by the EC is completing its work on the organizational structure, and administrative and financial manuals of EEPRI.

There has been no major change in the composition of the core staff of EEPRI over the last year with the exception of replacement of a senior researcher and an assistant researcher. A coordinator and an assistant coordinator of the PRSP training project and a secretary had also been additional staff of EEPRI over the last year.

2.2 Membership Drive

As before realizing that quite a sizeable number of economists have not yet been reached, the EC continued with the membership drive started in previous years. one hundred twenty one members have been registered since the last general assembly was held, out of which about 87% are full members.

In an attempt to maintain effective communication with members, a list of 1250 registered members has been compiled, of which, 696 (about 56%) are active members in the sense that they pay their annual fees regularly and their addresses are updated.

3. ORGANIZATION OF DISCUSSION FORA AND RESEARCH

3.1 Organization of Discussion Fora

The EEA is now preparing for the Twelfth Annual Conference on the Ethiopian Economy and has organised a number of round-table discussions on selected and timely themes on the Ethiopian economy.

3.1.1 The Annual Conference

The EEA organised the Eleventh Annual Conference on the Ethiopian Economy in 2001. The theme of the conference was "Policy Reform, Implementation and Outcome", a theme chosen on the basis of recommendations of participants of the previous conference. It was held in Rift Valley Hotel, Nazareth on November 2-4, 2001. As before the responsibility of organising the Conference was taken up by an Organising Committee. The costs of the conference were covered by a generous grant from the consortium of donors including the Friedrich Ebert Stiftung (FES), embassies of Sweden, Norway and the U.K and the African Capacity Building Foundation (ACBF).

The EC is now preparing to hold the Twelfth Annual Conference on the Ethiopian Economy on the theme "The Ethiopian Economy" in January 2003 and unlike previous conferences this will be an international conference.

3.1.2 Round-table discussions and workshop

Realizing the importance of round table discussions on policy relevant and popular issues and encouraged by the results of such attempts in the past few years, the EC continued to organize such discussions roughly every two months. As before, these discussions brought together government policy makers, the private sector, academics and the public at large to exchange ideas on burning issues in the country's economic development. Since the last General Assembly was held, two workshops and four round-table discussions have been held.

3.1.3 Seminars and lecture

As part of the initiative to enhance the in-house capacity of EEPRI's staff, the Institute has also organized two seminars and a number of discussion sessions on topics of interest by researchers in the Institute in the monthly meetings of the research personnel.

3.2 Research And Training

As the research arm of the EEA, EEPRI has been working on the following research areas: 1) human resource development in Ethiopia with particular emphasis on education which is a continuation of what was started last year and will be the main part of the Second Annual Report on the Ethiopian Economy to be published by the EEA; 2) the current land tenure system and policy options for the future which is also a continuation of what was started last year; 3) industrial policy in Ethiopia; 4) a report card study on pro-poor services; 5)

training of civil society and journalists on the poverty reduction strategy; 6) urban studies; 7) Role of Agriculture study. The EEA has also organized training to its members free of charge with the objective of upgrading the skills of members. It also plans to provide free access to internet to its members.

4. PUBLICATIONS

We would like to inform our members that some of the publications of the Association are on the internet thanks to the support by the British Council and CRDA. As there is a limited space the EEA is currently looking into possibilities of getting an additional/ a larger space. The following publications have been issued since the last general assembly was held:

4.1 Economic focus

This is normally published every two months and has been fairly widely distributed. In addition to papers presented at round-table discussions, related articles and other relevant information are disseminated through this publication. During the last year, three issues of Economic Focus have been published.

4.2 Proceedings

The Proceedings of the Tenth Annual Conference on the Ethiopian Economy were published under the title "Explaining Economic Growth and Development in Ethiopia". The volume published articles selected on the basis of merit and relevance from the papers presented at the conference, edited by a two-person team selected by the EC.

The EC also set up an Editorial Committee for the publication of the Proceedings of the Eleventh Annual Conference. Editorial work will be completed in a few weeks. The costs of the publication of the proceedings of the Tenth Annual Conference were covered by grants received from the consortium of donors mentioned above who will also cover the costs of publication of the proceedings of the Eleventh Annual Conference.

4.3 Ethiopian Journal of Economics (EJE)

Since the last General Assembly, one issue of the EJE, namely Vol. VIII, no. 1 has been published. This implies that there is a backlog of more than two years and this has been one of the most important problems of the Association. The EC and the

Editorial Board have tried to take measures to reverse this trend but we have found out that this is one important area that requires discussion and active participation of members. It is our hope that the establishment of the EEA/EEPRI and the related research and coordination efforts of its staff will improve the situation significantly.

4.4 Newsletter and Working Papers

A Newsletter has been published by EEPRI and there is a plan to make this newsletter that of the EEA. EEPRI has also published two working papers.

4.5 Second Annual Report on the Ethiopian Economy

The Second Annual Report is currently being processed at the printers.

5. FINANCIAL MATTERS

5.1 Fund Raising

While sales of publications continue to be a major source of finance to cover the recurrent cost of the Association, very little was collected from membership fees during the past year and collected contributions were not sufficient to meet expenditures.

However, the Association has not lacked financial support for the events it has organized. Grants for the various activities of the EEA (including those of EEPRI) have been obtained from the consortium of donors mentioned in this report. While these donors have in principle agreed to finance the activities of the EEA for the coming three years, some of them have already committed themselves to finance the activities of the EEA for the coming one year. The Institute has been able to raise about Birr 4.5 million for its various activities over and above the commitments for the regular activities of the Association during the last two years.

5.2 Financial Report

In line with the decision of the GA last year, the audit report for this year covers the period up to December 31st 2001. Details of the Audited financial position of the Association for the year ending December 31st 2001 is attached to this report. The accounts for the year were audited by Awoke Gebre Selassie and Co. named by the EC for the purpose. The same firm also audited the 2000 accounts and has published its reports. The published reports are available for perusal by members.

6. PROBLEMS ENCOUNTERED

- 6.1 Members of the EC could not devote as much time as the activities would demand as a result of increased professional and personal commitments.
- 6.2 As before, a small number of articles come from a small number of regular contributors. This is particularly true for the Journal, which partly explains the backlog. Enough has not been done to solicit contributions from a wider group. Finding reviewers of journal articles who could respond in a fairly short time has also been found to be an important problem. We would like to request members to contribute to the success of the Association by contributing articles and serving as reviewers.
- 6.3 Frequent changes of address by members of the EEA and inefficiencies in the communication systems have made regular contact between members and the Secretariat difficult. Members are kindly requested to inform the EEA whenever there is a change in their address.
- 6.4 The high degree of dependence of the activities of the EEA on grants is an issue to be addressed as this would raise the issue of sustainability.
- 6.5 The EEA does not have its own office building and this is one of the issues we need to address in the future.

7. PLANNED ACTIVITIES

It is the belief of the EC that it will continue with already existing activities with some changes to improve efficiency and quality of work. It will make attempts to strengthen the EEA/EEPRI and make the Association one of the best economic policy research centers in the country. The main tasks to be accomplished include doing research on relevant and timely economic issues, organizing fora for the discussion of such issues and preparing regular publications that focus on the Ethiopian economy. These publications include the EJE, working papers and Economic Focus. The contribution of members towards making this a reality is very much needed.

8. ACKNOWLEDGMENTS

The Ethiopian Economic Association gratefully acknowledges the financial, material and moral support it received from the following institutions:

1. The Department of Economics and the Faculty of Business and Economics, Addis Ababa University
2. Consortium of donors for EEA/EEPRI namely,
 - Friedrich Ebert Stiftung (FES)
 - The Department for International Development (DFID) of the U.K
 - NORAD of the Norwegian Government
 - Swedish International Development Agency (SIDA)
 - Finland Embassy
 - The African Capacity Building Foundation (ACBF)
3. Ethiopian Science and Technology Commission

Thank you.

II. Report on the Activities of the EEA and EEA/EEPRI

2.1 Introducing EEA/EEPRI

2.1.1 Background and Organizational Structure of EEA/EEPRI

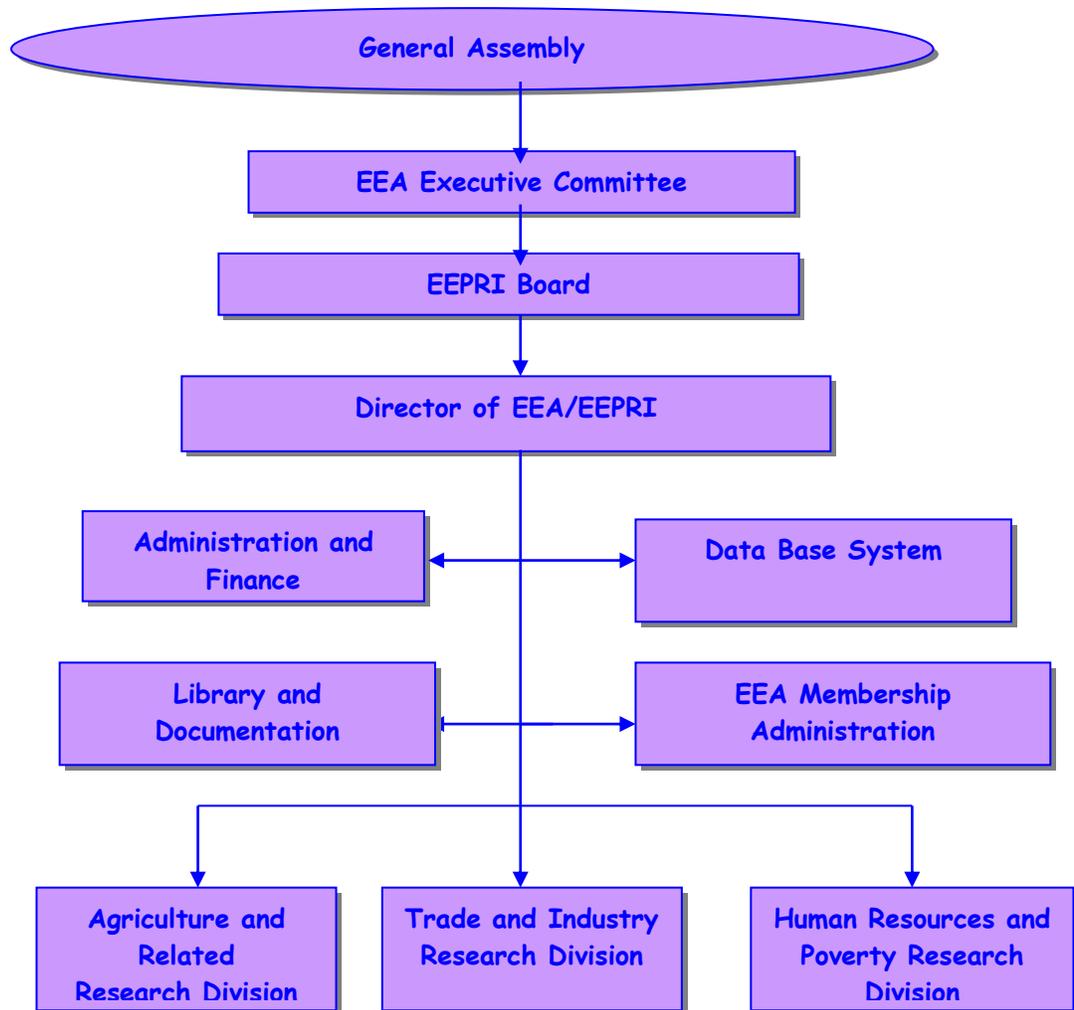
EEA coordinates research activities, organizes annual conferences, workshops, round table discussions and public debates and publishes and disseminates various research findings. Over time, the need arose for an institution to regularly monitor follow-up and implement the expanding activities of the Association.

Hence, the Institute, named Ethiopian Economic Policy Research Institute, (EEPRI) of the Ethiopian Economic Association (EEA) was formally inaugurated in July 2000 with the financial support of a consortium of donors.

EEA/EEPRI is the first independent policy research institute in the country, which does not have any profit making motive and political affiliation of any form.

As currently organized, (the structure is under review by an external consultant), EEA/EEPRI is accountable to its board of directors appointed from different stakeholders including all EC members of EEA, international organizations, research institutions and domestic civil society groups.

Existing Organizational Structure of EEA/EEPRI



Over and above the board, the executive committee of EEA provides broad directives and closely monitors the activities of the Institute. Thus, the Institute is a semi-autonomous organ discharging its responsibilities and duties governed by the mandate endowed by the executive committee and the general assembly of the Ethiopian Economic Association.

2.1.2 Office Premise and Staffing

Reasonable office premise was acquired for EEA/EEPRI in a conducive location followed by renovation and furnishing with the necessary office facilities including vehicles, furniture, telephone lines, computers, fax, Internet, projector and scanner.

A very challenging task at the beginning was the recruitment of competent researchers and administrative support staff for EEA/EEPRI. This was successfully carried out, however, by a placement of three senior researchers, three assistant researchers and a database system expert. Including administration and finance head, the Institute currently has 12 support and administration staff. A proposal on setting up Macro Economic Research Division in the Institute was submitted to the consortium of donors for funding and the consortium including Ireland and Canada have already provided their consent for the new addition.



EEPRI Staff (Partial)

The Institute hires also temporary staff and short-term consultants to meet the demands of short-term projects and research related activities. One

coordinator, one assistant and a secretary were hired for a one-year contract for the PRSP project.

Database System

Sample feature of the Socio-Economic Database.

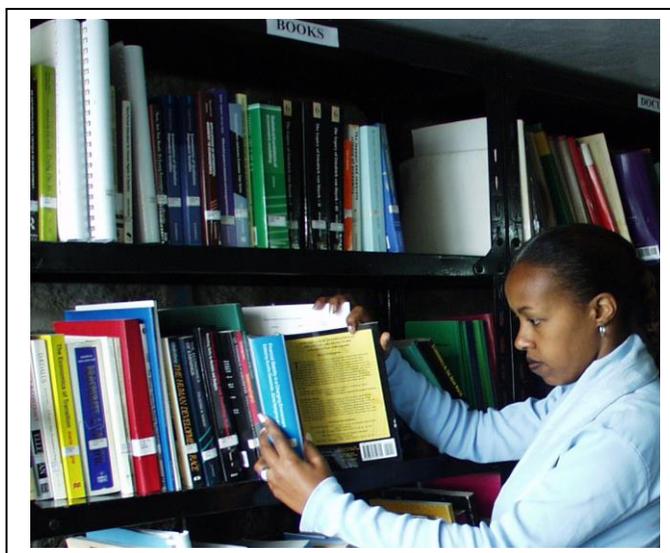


A menu-driven database system has been developed for the Institute. Data on various aspects of the socio-economic conditions of Ethiopia and other countries are systematically stored for easy access and in a manner suitable for continuous updating and undertaking of statistical analyses. Parallel to this exercise,

basic time series socio-economic data, though limited in coverage, have already been collected and entered into the computer. This data will be accessible to members of EEA and other researchers interested on the Ethiopian Economy.

The Documentation Center

A computerized documentation center is established within EEA/EEPRI to serve the needs of in-house researchers and the research community and stakeholders at large. Although, currently the number of reference materials placed in the center is quite small, basic information about the materials is systematically recorded in a networked computer system using the CDS/ISIS software.



EEPRI documentation center.

Survey Implementation Capacity

EEPRI has implemented surveys on different areas. Experience gained in recruitment, training and administration of enumerators, supervisors, data entry clerks, editors and coders has strengthened the capacity of EEA/EEPRI in this respect. Among the contract workers that were involved in implementing the surveys, the Institute has short-listed relatively efficient ones for future contact. The data entry systems for surveys are also designed in-house and have established solid experience for future surveys.

Internet Connection

Researchers have access to the Internet and therefore to diverse materials and information available in the World Wide Web. In addition, two stations are currently established at the documentation center to allow all EEA members free access to Internet service at the Institute

2.1.3 Management System within EEA/EEPRI

An ad-hoc management system, comprising the Director and the three Senior Researchers has been established within the Institute to ensure the smooth implementation of work programs. Each research division

prepares its own annual work program at the beginning of each year, which is submitted to the board for approval and implemented accordingly. Necessary financial accounts are established and signatories are assigned comprising the chairperson and treasurer of the executive committee. The book of accounts, payment order and asset recording formats are established and being maintained. A private external audit firm has audited the accounts of the Institute.

The management system of the Institute is, however, far from being sufficiently sound. Shawel Consult International, a firm hired on a competitive basis, is currently studying the organizational structure, the administrative processes and responsibilities of the various organs of EEA and EEPRI. Once this study is completed and adopted, EEA/EEPRI will have a more permanent and solid organizational structure and operational procedure.

2.2. ACTIVITIES

2.2.1 *Research and Publications*

EEA and EEPRI design research projects of professional interest and policy concern for the country, search for donor funding and undertake researches primarily by their own staff. Consultants with special expertise on certain areas are also hired on a short-term basis. EEA/EEPRI also consolidates, edit and publish different research results of professionals. Research outputs are published in Journal of Economics, Economic Focus, Proceedings, Monographs, Working Paper Series and Published Reports. At times, EEPRI in particular conducts research on demand, considered to be relevant and deemed important in terms of providing major findings worth distributing among stakeholders, strengthening information and the knowledge base and augmenting the financial position of the Institute.

2.2.1.1. Completed Research Activities

A. Publications

I. Economic Focus

1. Gender and Development, June - July 2000, Volume 3, No. 3.
2. Financial Liberalization, August - September, 2000, Volume 3, No. 4.
3. Problems and Prospects of the Energy Sector, October -November 2000, Volume 3, No. 5.
4. Current Economic Policy in Ethiopia, August-September 2001, Volume 4, No.1.
5. Does Ethiopia Need an Industrial Policy? October-November 2001, Volume 4, No. 2.
6. The PRSP Process December-2001 - January 2002, Volume 4, No.3.
7. Financial Sector Reform, January - February 2002, Volume 4, No.4.
8. Culture and Development, March - April 2002, Volume 4, No.5.

II. Ethiopian Journal of Economics

- Volume VII, No.1, April 1998, published in January 2001 containing articles entitled:
 - Total Factor Productivity in Ethiopian Manufacturing Sector: Extent and Trend,
 - Social Security and Labour Supply in Ethiopia,
 - Export Earnings Instability and Economic Growth in Sub-Saharan African Countries
 - Prospects for a Securities Market in Ethiopia,
- Volume VII, No.2. October 1998, published in August 2001 containing articles entitled:
 - The Supply Responsiveness of Peasant Agriculture in Ethiopia: Some Macroeconometric Results from Cereals Production
 - Micro-Finance Institutions in Ethiopia: Issues of Portfolio Risk, Institutional Arrangements and Governance
 - Land Reform: Revisiting The Public Versus Private Ownership Controversy, and
 - Farmers' Willingness To Pay For Tenure Security.
- Volume VIII, No.1, April 1999, published in July 2002, A Special Issue on Poverty and Poverty Determinants in Ethiopia.



Some of the publications of EEA/EEPRI

III. Proceedings of the Annual Conferences

- Explaining Growth and Development in Ethiopia, November 2001, for the 10th Annual Conference (November 3-5, 2000).

IV. Working Papers

- EEA/EEPRI produced and distributed to the various stakeholders its first Working Paper, No.1/2002 on the topic entitled; "Declining Productivity and Competitiveness in the Ethiopian Leather Sector".
- EEA/EEPRI published the second Working Paper, No.2/2002 with a topic, "Sources and Uses of Export Support Services in Ethiopia", and distributed to various stakeholders.

V. Monographs and News Letters

- EEA/EEPRI published a monograph on PRSP experiences in Eastern Africa as a proceeding of o the experience sharing workshop that EEA/EEPRI organized with FSS with participants from Kenya, Uganda and Tanzania
- EEA/EEPRI produced and distributed newsletters on PRSP and Public Voice Report, which summarized issues raised during regional consultations.
- EEA/EEPRI started to report its periodical activities through "EEA/EEPRI News Letter".

B. Research Reports

- The Second Annual Report on the Ethiopian Economy' has been a major undertaking of the EEA/EEPRI. The theme identified for this report was 'Skilled

Manpower and The Prospect for Sustainable Development in Ethiopia', and the main focus was a review of the state of education in general and higher education in particular with respect to budgetary allocation, infrastructure expansion, enrollment and quality. The current education policy framework is also evaluated on the basis of reviewed economic theories and models, the human resource implications of the globalization process and the experience of other countries. In addition, the report contains developments on the macro economy, food crops and modern agricultural inputs, large and medium scale manufacturing industries, external debt, impact and the way forward, and impacts of HIV/AIDS on the Ethiopian economy. Ideas, comments and suggestions were collected from a workshop on this theme consisting of academicians and other professionals as well as the EEA Executive Committee Members, and accordingly incorporated to enrich the contents of the report to its final shape. The book is currently being processed with the printers.

- A research project on "Land Tenure Policy of Ethiopia" aimed at studying the impact of the current land tenure system on the agricultural economy was designed, secured funding from Swedish Agency for International Development (SIDA) and the Department for International Development (DFID). A survey was conducted on 8540 farm households, residing in 70 Woredas/districts of the country. In addition, opinions of about 140 non-farm stakeholder respondents were surveyed. Based on the preliminary findings of the survey a paper was prepared on the topic entitled "Land Tenure Policies And Economic Development In Ethiopia: The Need for New Thinking and Pragmatic Approach in Dealing with the Problems" and presented at a Regional Workshop organized by the World Bank on "Land Issues in Africa", in Kampala, Uganda from April 29 - May 2, 2002. The full report on land policy will be released in late August. In addition, two literature review papers on "The Economics of Land Tenure" and "Review of the Landholding Systems and Policies in Ethiopia under Different Regimes" were prepared. These papers will be made available in the form of working papers of the institute as soon as the full report on land policy is publicly released.
- "PRSP Advocacy, Training and Civil Society Participation Enhancing Project" was designed and it is being implemented under the management of the Institute. EEA/EEPRI consolidated the PRSP project activities including results of the various consultation meetings and submitted the summary report to the Government PRSP Secretariat.
- Five training manuals on five policy topics related to poverty and the PRSP were prepared and used in the provision of training for journalists, civil society

representatives, and parliamentarians. In this respect, a member of the EEA executive committee and the research staff of EEA/EEPRI with consultants produced three of the manuals. The manuals, published in Amharic were also distributed in public schools through out the country through the Ministry of Education.

- EEA/EEPRI also prepared and presented on a workshop a paper entitled "The Impact of HIV/AIDS on the Business Community".
- A book on "Urbanization & the Challenges of Rural Development in Ethiopia", which is a product of a workshop organized by EEA/EEPRI and the French Development Cooperation and involving both French and Ethiopian experts is being edited for publication and is due to come out in September.
- EEA/EEPRI contributed an article on "The PRSP & Enhanced HIPC Initiative" and published on "MEDIREK", the newsletter of the Forum for Social Studies.
- The Institute in collaboration with the consultant studied "Impact Assessment of the Recent Boarder Conflict on the Performance of the Ethiopian Economy" and it would be distributed in the form of a working paper after the annual report is released.
- A project proposal on "Report Card Study" * was prepared, reviewed by UNDP/Ethiopia and agreement was reached with EEA/EEPRI for financing the study.

All the data surveys are systematically and electronically stored in the Institute's data base system.

2.2.1.2. On-going Research Activities

- With the aim of contributing towards the design of an industrial policy, a research proposal was prepared under the theme; "Industrialization and Industrial Policy for Ethiopia", reviewed by donors and funding has been secured from Finland and DFID. As part of the industrial policy study, the Institute is designing a questionnaire to conduct a survey on a large sample of industrial firms in different parts of the country and working on the sub-topic entitled,

* A Report Card Study, also called scorecard, is a system of information gathering and analysis of the quality and effectiveness of social services' provision from the perspective of the users.

"The Historical Perspective of Industrialization in Ethiopia: An Overview of Policies and Performances".

- The first round survey was conducted on financing and quality of education in selected secondary schools, colleges/faculties and communities in Addis Ababa, and the second phase has resumed in different parts of the country. A draft report was produced based on the first round survey, which needs to be further enriched using the findings of the second round survey.
- In collaboration with World Economic Forum and Harvard University, a survey was conducted on the performance and opinions of selected private firms on the overall economic environment of the country, which would primarily be used for 'African Competitiveness Report', 2002-2003. In addition, the findings are used for the working paper being prepared by the Institute on the similar issue.
- EEA/EEPRI is preparing a proceeding of all the papers prepared for the regional PRSP consultation public meetings including nine regions of the country.
- EEA/EEPRI designed an ad-hoc "Macroeconomic Model Framework" that could serve as a projection model for major macroeconomic variables and further estimation has commenced.

Planned Research Activities

- A research proposal on "the economic impact of family planning in Ethiopia" was prepared, reviewed by the David and Lucile Packard Foundation and accepted for funding.
- Upon invitation, the EEA/EEPRI organized a team of relevant expertise including its own research staff and prepared a research project on "The FAO Role of Agriculture", (ROA), submitted for review and secured funding under a strong competition with similar other institutions. The project is to be commenced soon.
- EEA/EEPRI has prepared an Action-oriented Research Study Proposal on the Dynamics and Challenges of Urban Poverty in Ethiopia, which was submitted to UNDP/Ethiopia for funding.
- A research project proposal on 'Economic Evaluation of Ethiopian Agriculture' was prepared by the Institute and presented to CIRAD (de coope'ration internationale en recherch  agronomique pour le de'veloppement), for financial support and collaborations.

- A much wider and comprehensive macro econometric model is planned for the next couple of years.

Conferences, Round Table Discussions, Workshops and Other Activities

EEA and its research wing EEPRI have organized conferences, workshops, public meetings and round table discussions primarily to deliver research outputs for stakeholders and through the process to share ideas, comments and suggestions. EEPRI arranges monthly in-house discussion forums through which every research staff could give presentation on policy relevant issues and share ideas among themselves. Scholars and experts on different areas are invited to provide lectures and share their experiences. Members of the Institute also participate in workshops organized by different institutions and make contributions. The following are some of these undertakings.

A. Conferences

- The 11th Annual Conference of EEA on the Ethiopian Economy was organized from November 2 to 4, 2001, on the theme entitled "Policy Reform, Implementation, and Outcome". Papers selection and edition is going on to publish them in the next proceeding, which will come out next fall



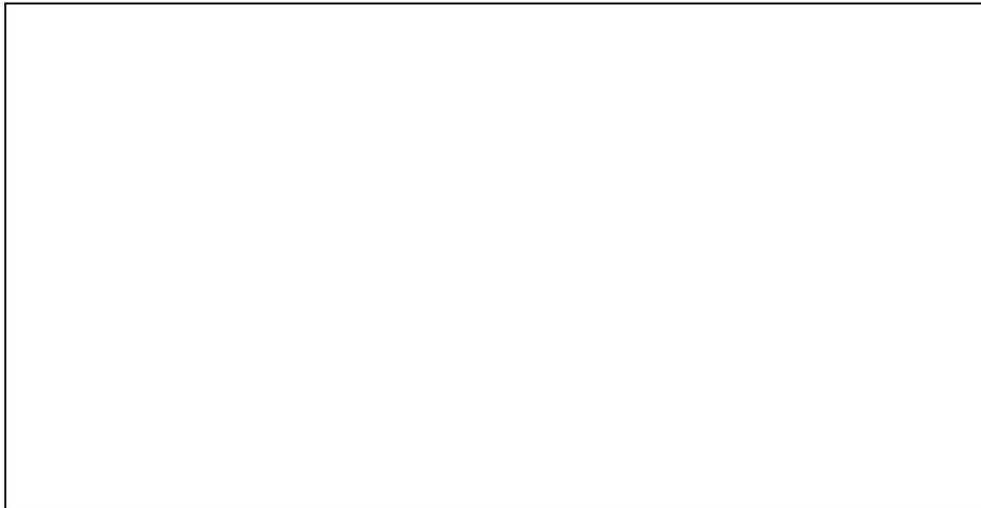
Partial view of the participants of the Conference.

B. Workshops

- EEA and EEA/EEPRI organized a workshop on May 15, 2002 with a theme entitled "Tax Reform in Ethiopia" in collaboration with the Ministry of Revenues. The aim was to create a forum for discussion among academicians, the business community, government and other concerned bodies about the tax reform measures to be implemented in the new fiscal year.

EEA/EEPRI has organized various workshops including issues on:

- Discussing the Draft of Second Annual Report on the Ethiopian Economy,
- The topic entitled "Development & the Environment",
- Public consultation meetings on the PRSP, conducted in nine different regions of the country,



Public consultation meeting on the PRSP-Gambela Region

- 'PRSP and Labor issues',
- 'PRSP and the Business Community',



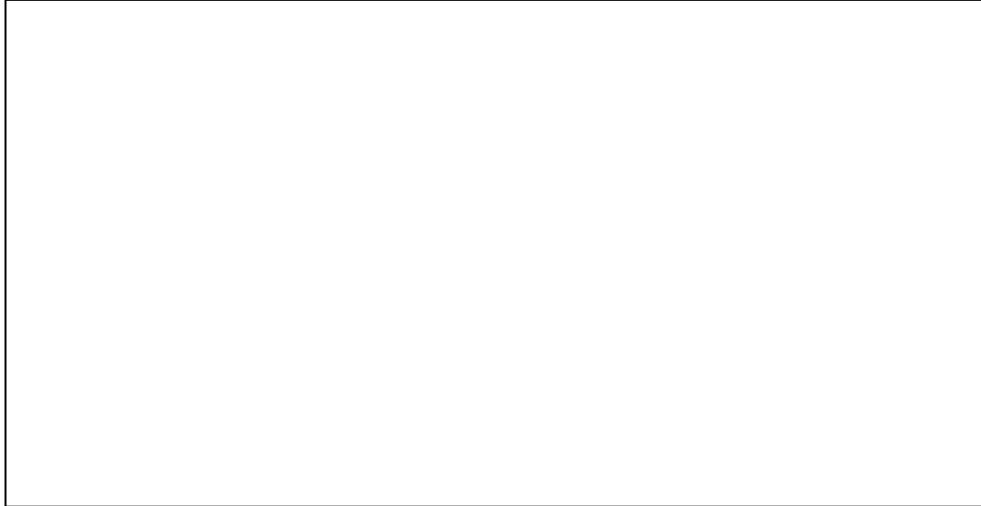
Partial view of the representatives of the business community on the PRSP consultation meeting.

- Land tenure policy research project involving various experts from Government, NGOs, the Business community, and Donors on topics entitled 'The Economics of Land Tenure and Review of the Landholding Systems' and Policies in Ethiopia under Different Regimes',
- Regional Experience on PRSP, in collaboration with Forum for Social Studies, in which resource persons participated from three East African Countries.

C. Round table Discussions

EEA organized the following round table discussions (RTD).

- The 19th RTD was held on December 1, 2000 on the theme entitled, "Policy Implementation and Economic Growth".
- The 20th RTD was held on the title "Perspectives on the Ethiopian Economy and Policy", March 16, 2001.
 - The 21st RTD was undergone on June 1, 2001 on the theme, "Financial Liberalization in Ethiopia", aimed at discussing the sequence, the performance and challenges of financial sector reforms in Ethiopia.

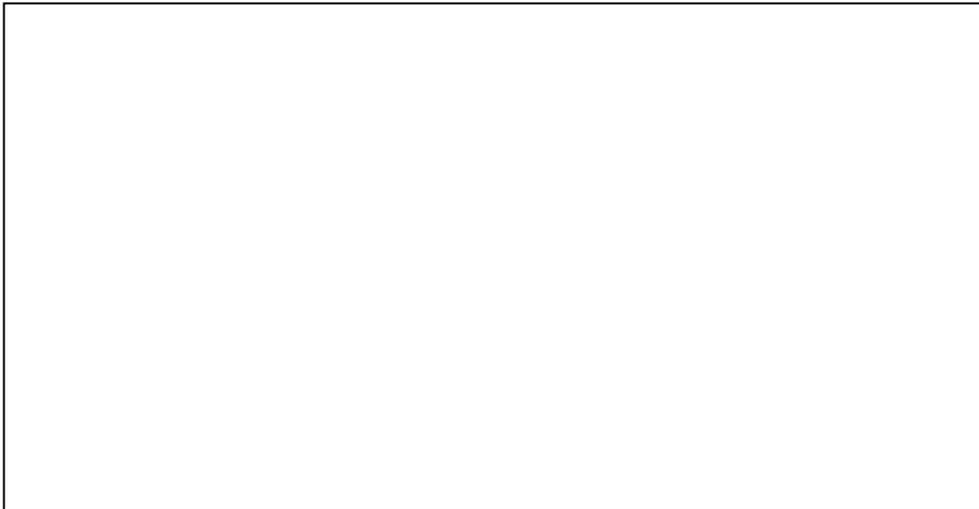


Panelists on a Round Table Discussion (Courtesy of Culture and Economic Development)

- EEA through EEPRI organized the 22nd RTD on the topic; "Does Ethiopia Need Industrial Policy", panelists stressed the need for industrial policy and collaboration among stakeholders to this effect.
- EEA organized the 23rd RTD on August 4, 2001 with the 9th General Assembly on the topic entitled, "Governance and Economic Development". The aim was primarily to discuss the role and responsibility of the state in determining the nature, pace and dynamics of economic progress.
- EEA arranged the 24th RTD on November 30, 2001 with the theme "What are the Expected Outcomes of the PRSP Process?" In addition, EEA/EEPRI, in collaboration with Forum for Social Studies organized a workshop on a similar theme and participants from Kenya, Tanzania and Uganda representing governments, civil society institutions and the media presented papers about the PRSP process in their respective countries and the experience gained from these countries for Ethiopia.
- The 25th RTD on "The Unemployment Situation in Ethiopia: Trends and Necessary Remedial Measures" was held on January 18, 2002.
- EEA through EEPRI organized the 26th RTD on the topic, "Culture & Development", panelists underscored the importance and impact of culture on the economic development of the country.
- EEA/EEPRI in collaboration with Addis Ababa Chamber of Commerce organized a public lecture on "Trade Policy and Development".

D. Training

- EEA/EEPRI provided training on the "Concept and Process of PRSP" for media workers, NGOs' representatives, the business community, labor organizations and parliamentarians



Training on the PRSP for the parliamentarians.

- EEA organized a training program for its members on "Basic Computer Application in Econometrics/Forecasting" from 19 to 21 July 2002..

E. Broadcasting PRSP Results

- To disseminate the results of PRSP advocacy and civil society participation project and enable exchange of ideas among different stakeholders including professionals and Government officials on issues related to poverty reduction, EEA/EEPRI has bought air time from Radio Fana, and produced and transmitted a weekly program for three months in cooperation with journalists from Radio Fana.

F. In-House Discussions on Contemporary Issues

Some of the contemporary economic issues presented on the monthly in-house EEA/EEPRI research staff discussion forums include the following.

- *"Who is the Japanizer of the Ethiopian Economy?"*, regarding key potential actors for a possible structural transformation of the Ethiopian economy,
- *"Freedom and development"*, regarding the inter-linkages between development and democracy with emphasis on the Ethiopian case, and

- *"Micro-finance institutions and their roles in poverty alleviation", on the nature of rural credit in the Amhara region.*

G. Lectures for EEA/EEPRI Research Staff

The Institute organized lectures for its staffs on:

- "Budget & Budget Reform in Ethiopia", a consultant from Harvard University to the Ministry of Finance and Economic Development (MOFED) provided the lecture.
- "The Concept and Methodology of National Income Accounting", an expert from MOFED gave the lecture,
- "How Government Calculates Inflation", an expert from the Central Statistical Authority delivered the lecture,
- A PhD Candidate at the University of Hoehneim, Germany presented his research proposal with a title, "The Impact of Policy Reform on Agriculture in Ethiopia: Assessment of Agricultural Supply Response, Total Factor Productivity, Inter-sectoral Linkages, and the Prospects for Industrialization
- Professional assistance (free of charge) was given to a government institution, the Oromiya Cooperative Bureau, on the issue of "How to Support Cereal Producers in Times of Price Collapse".
- The Institute through its staffs is represented in the NGOs' PRSP task force as a member through which important professional assistance has been rendered in advising NGOs' engagement with the PRSP.
- The Institute participated in the regional and federal level government-led PRSP consultation meeting and disseminated the Institute's PRSP project publication.

H. Participation in Workshops and Other Activities

The EEA/EEPRI staff participated and provided their professional contributions in various seminars and workshops, organized by governmental and non-governmental organizations including the following.

- A one-day seminar on the first Agricultural Sample Survey prepared by the Ministry of Information and Central Statistical Authority.
- A two days seminar on the Tax Policy Reform, organized by EEA and Ministry of Revenue.



Workshop on the Tax Policy Reform.

- Two consecutive regional conferences prepared for Common Market for East and Southern Africa (COMESA) policy organs by COMESA and the Ethiopian Ministry of Finance and Economic Development.
- EEA/EEPRI staff gave a presentation on problems of African Economic Development within the context of the CSSDCA for an experts meeting of the OAU.
- A one-day seminar on the New Draft Law of Urban Land Lease System organized by the Economic and Legal Standing Committee of the Peoples Representative Council of FDRE.
- A workshop on "Cereal Price and Its Implication on Agricultural Extension Activities" organized by the Ministry of Agriculture.
- A half day public hearing organized by Budget and Finance Standing Committee of the Peoples Representative Council of FDRE regarding the draft proclamation of the New Tax Laws.

III. AUDITED FINANCIAL REPORT

Principal sources of financing for the various research undertakings of EEA and EEPRI are members' contributions, sales revenue from publication and donors including Norway, Sweden, the United Kingdom, Finland, Friedrich Ebert Stiftung (FES) and the African Capacity Building Foundation (ACBF). Further more, EEA/EEPRI designs various research projects of prime concern and obtain funds from other similar bilateral and multilateral donors and clients for consultancy works. A private audit firm has audited the financial administration and books of accounts of EEA/EEPRI. The audit report provides the balance sheet of EEA at the end of December 2001. It also displays the audited income statement, the source and amount of funds availed into the accounts of EEA and expenses incurred, until December 31st 2001. The full report is presented below.

**AWEKE GEBRE SELASSIE & COMPANY-INTERNATIONAL ACCOUNTANTS
(LONDON) CERTIFIED PUBLIC AUDITORS**
Authorized by the Office of the Federal Auditor General of the Ethiopian Government

P. O. Box 7540, Addis Ababa, Ethiopia

E -mail: agselassie@telecom.net.et

251 -1 -655454, 251-1- 614829, 251-1- 182530

251-1 -65 5400 (Fax)

AUDITORS REPORT TO THE MEMBERS OF THE ETHIOPIAN ECONOMIC ASSOCIATION
/ ECONOMIC POLICY RESEARCH INSTITUTE

We have audited the accompanying balance sheet of Ethiopian Economic Association / Economic Policy Research Institute for the year ended 31st December, 2001 and the related income and expenditure account for the year then ended.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND AUDITORS

The preparation of the financial statements is the responsibility of the management of the Association. It is our responsibility, based on our audits, to express our independent opinion on these financial statements.

BASIS OF OPINION

We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on test basis, of evidences relevant to the amounts and disclosures in the financial statements.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement.

- Annual membership subscriptions amounting to Birr 14,806.00 were in arrear at the end of the accounting year.
- There is a difference of Birr 8,321.27 between the ledger and cash book balances of bank account number 2835 with the Commercial Bank of Ethiopia.

OPINION

Subject to the above reservations, in our opinion, the financial statements, when read together with notes thereon give a true and fair view of the financial position of Ethiopian Economic Association I Economic Policy Research Institute as at 31st December, 2001 and the results of its operations for the year then ended.


AWEKE GEBRE SELASSIE AND COMPANY
CERTIFIED PUBLIC AUDITORS



June 25, 2002
Addis Ababa

ETHIOPIAN ECONOMIC ASSOCIATION / ETHIOPIAN ECONOMIC POLICY
RESEARCH INSTITUTE
BALANCE SHEET
AS AT 31ST DECEMBER, 2001

Currency: ETHIOPIAN BIRR

	Notes		2000
FIXED ASSETS	2d, e, 3	487,088.80	516,747.77
CURRENT ASSETS			
Debtors	4	888,866.08	23,213.65
Cash and bank	5	1,594,257.48	669,337.57
		2,483,123.56	692,551.22
CURRENT LIABILITIES			
Creditors	6	164,358.00	75,234.32
		2,318,765.56	617,316.90
NET CURRENT ASSETS REPRESENTED BY		2,805,854.36	1,134,064.67
Fund balances:			
General fund		2,788,971.55	1,117,065.67
Publishing Performance Report on the Ethiopian Economy Project		16,999.00	16,999.00
		2,805,854.36	1,134,064.67

ETHIOPIAN ECONOMIC ASSOCIATION / ETHIOPIAN ECONOMIC POLICY
RESEARCH INSTITUTE
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 2001

Currency: ETHIOPIAN BIRR

INCOME	Notes	2000	
Membership and registration	7	8,242.00	3,923.50
Grant and program support		3,288,386.39	1,304,539.36
Sales of publishing		12,776.33	34,360.45
Other income		16,881.27	17,687.50
		3,326,285.99	1,360,510.81
EXPENDITURE			
PROGRAM SERVICES			
Resource studies		-	-
Publication and printing		1,120.00	1,290.00
Workshop and conference expenses		127,812.40	65,210.57
Regional economic debate expense		123,748.51	16,825.81
Fuel wood project		-	9,259.90
		252,680.91	92,586.28
ADMINISTRATIVE SERVICES			
Salaries and benefit		1,071,277.64	339,142.17
Car running		-	4,644.15
Subscription of news paper		565.00	280.00
Stationery and office supplies		52,890.30	19,067.10
Repair and maintenance		11,405.42	2,847.20
Telephone, internet and postage		45,025.76	30,293.37
Audit fee		9,000.00	-
Bank charge		3,937.69	2,253.60
Advertising		13,134.34	4,138.60
Sundries		5,968.40	1,856.00
Depreciation		91,650.47	26,890.00
Miscellaneous		1,071.65	5,242.25
Utilities		4,424.75	167.53
Maintenance of building		2,375.00	32,203.69
Travel and per diem expense		5,197.30	15,055.96
Office rent		-	10,800.00
Insurance		2,040.26	1,433.95
Consultancy fee		63,061.00	-
Vehicle maintenance		4,961.22	-
Fuel and lubricant		11,481.00	-
Training		2,232.00	-
Total expenditure		1,401,699.20	593,515.57
		1,654,380.11	686,101.85
Excess of income over expenditure		1,671,905.88	674,408.96
Add: Fund balance brought forward		1,117,065.67	442,656.71
		2,788,971.55	1,117,065.67
Prior year adjustment		116.19	-
		2,788,855.36	1,117,065.67
Balance transferred to balance sheet		(2,788,855.36)	(1,117,065.67)

ETHIOPIAN ECONOMIC ASSOCIATION / ETHIOPIAN ECONOMIC POLICY
RESEARCH INSTITUTE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2001

1. STATUS

The Ethiopian Economic Association / Ethiopian Economic Policy Research Institute is a non-profit making organization established on the strength of a constitution signed by the founding members and duly registered with the concerned government authority on 26 Hidar 1984 (E.C.). The objectives of the Association are, to contribute to the economic advancement of Ethiopia (a) by promoting economic research and assisting in the dissemination of the findings of such research and encouraging the study of Economics in the country's educational institutions and (b) by promoting the professional interests of its members and creating forum for the discussion of economic issues as well as professional contacts between Ethiopian economists and those of other countries.

2. ACCOUNTING POLICIES

- a) Accounting convention - The financial statements are prepared under the historical convention.
- b) Income - Contributions from members support or grants from donor agencies, other organizations and sales of proceedings are recognized as income in the period in which they are received.
- c) Expenditure - Expenditure is accounted for in the period in which it is incurred.
- d) Fixed Assets - Fixed assets are stated at cost less depreciation. Fixed assets donated to the Association are credited to income account as support from donor agencies.
- e) Depreciation - Office equipment and vehicles are depreciated on a straight - line basis over their estimated useful lives at the rate of 10% per annum.

3. FIXED ASSETS

COST	Balance 7.1.2000	Addition	Balance 31.12.2000
Office equipment	312,140.80	34,340.00	346,480.80
Office furniture	116,439.86	27,651.50	144,091.36
Motor vehicles	225,630.00	-	225,630.00
	654,210.66	61,991.50	716,202.16
DEPRECIATION			
Office equipment	112,770.24	32,876.49	145,646.73
Office furniture	5,170.98	13,647.98	18,818.96
Motor vehicles	19,521.67	45,126.00	64,647.67
	137,462.89	91,650.47	229,113.36
	516,747.77		487,088.80

4. DEBTORS

	2000	
Dr. Alemu Mekonen	-	4,000.00
Dr. Alemayehu Seyoum	13,847.65	13,847.65
Ato Metasebia Zelalem	-	1,366.00
Dr. Tekie Alemu	-	4,000.00
Ato Hezkele Ayele	1,526.55	-
PRSP	348,090.56	-
Land Policy Project	524,631.32	-
Income tax withhold	770.00	-
	888,866.08	23,213.65

5. CASH AND BANK

	2000	
Cash on hand	1,102.00	1,102.00
Petty cash	17,822.69	978.55
Cash at bank - CBE A/C 2835	715,958.93	367,361.87
Cash at bank - CBE A/C 2350	182,962.79	83,911.15
Cash at bank - Abysinia Bank	21,074.41	214,984.00
Cash at bank - Abysinia Bank S/A	1,000.00	1,000.00
Cash at bank - CBE Special account	642,931.00	-
Cash at bank - CBE A/C 3049	11,405.66	-
	1,594,257.48	669,337.57

6. CREDITORS

Tigist Lemma (staff)	299.00	299.00
Tamirat Abera	0.10	0.10
Sundry creditors	144.25	144.25
Frehiwot Epherem	0.04	0.04
Desta Kebede	2.60	2.60
Income tax payable	99,488.97	12,693.17
Conference payable	-	-
Audit fee	4,000.00	4,000.00
Provident fund payable	60,423.04	58,095.16
	164,358.00	75,234.32

7. GRANTS AND PROGRAM SUPPORTS

Friedrich Ebert Stiftung (FES)	72,578.95	76,467.65
Ethiopian Science and Technology Commission	18,707.50	20,075.00
Sweden Goteborg University	15,998.87	17,419.71
Royal Norwegian Embassy	362,160.00	380,520.00
Embassy of Sweden	609,283.89	448,000.00
British Embassy	300,000.00	362,057.00
Finland Embassy	311,392.00	-
African Capacity Building	1,504,249.51	-
Joint Studies	94,015.67	-
	3,288,386.39	1,304,539.36

CONCLUSION

8.1. It must be appreciated that the matters discussed in this part of the report came to our notice during the course of our routine audit work, primarily designed to enable us express our opinion on the financial statements prepared by the management of Ethiopian Economic Association f Economic Policy Research Institute. Therefore our comments cannot be expected to include all weaknesses in the internal control and all possible defalcations and irregularities which a more detailed examination might.

8.2. We are most grateful to the management and employees of Ethiopian Economic Association Ethiopian I Economic Policy Research Institute for the assistance and co-operation extended to us during the course of the audit.

8.3 Should you have any question in relation to these financial statements and report we are pleased to provide you with the information required.



AWEKE GEBRE SELASSIE AND COMPANY
CERTIFIED PUBLIC AUDITORS



June 25, 2002

Addis Ababa

Objectives of EEPRI

- *Strengthen research capacity and establish independent policy analysis center to provide continuous information and analysis on economic policy matters.*
- *Collect and compile macroeconomic and sectoral data in a way that allows rigorous empirical research on the Ethiopian economy.*
- *Improve the policy environment through informed public debate and contribute towards enhancing public participation on policy issues.*
- *Increase options available to the government in making policy decisions.*
- *Contribute towards the development of an informed, responsible and dynamic private sector.*
- *Provide organic linkages between Ethiopian economic researchers based in Ethiopia and Ethiopian economists doing research on Ethiopia.*
 - *Promote the study of economics in Ethiopia.*
- *Contribute towards the development of the Ethiopian economy by providing quality policy relevant research and disseminate such research to all stakeholders in the Ethiopian economy.*
- *Help the EEA achieve its stated objectives as its research and publication wing.*