# **Economic Focus** ልሳን ኢኮኖሚክስ

Bulletin of the Ethiopian Economic Association (EEA)



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# **Editorial**

# The Land Question and Food Security

EEA's main objective in organizing a panel discussion on this topic is provocative, or what Dr. Yonas would have called - 2771 in Amharic. Provocation to bring about sober and seasoned analysis of the crisis of Ethiopian agriculture (assuming there is a crisis) in general and the issues of food security and land question in particular.

Two interrelated issues emerged from the discussion. The first one was the need to explain the root causes of the agricultural crisis and the food security problem, and the second issue was related to the question of 'what should be done?' - the policy dimension. Basically, quession of the land should come out as one of the major aspects of the second issue. Besides, two contending views appeared on the land (ownership) question: private versus public ownership. The discussion was not exhaustive, however, on the whole, it has brought to the surface major issues that need to be thoroughly discussed in the future. The EEA, as usual, is ready to accommodate analytically sound and/or empirically substantiated arguments about these crucial issues. We hope this panel discussion is just a beginning. We also hope that concerned bodies may discuss these issues at length by organizing appropriate venues such as a national workshop.

We highly appreciate the support of the academicians, representative of the various Ministries and members of the Association for realizing EEA's effort of creating a forum where professionals, academicians, policy makers and others debate on crucial national economic-cum-political issues.

# **Notes to Contributors**

The main objective of EEA Bulletin is to initiate policy-relevant public discussion on national and African economic issues. It presents synopses of research papers, panel discussions, public lectures, readers' comments and new research findings and notes.

Readers and contributors are encouraged to submit short articles (not more than 5 pages in double space with 12pt font size) preferably accompanied by an electronic version. If accepted, an edited version of the article will be sent to the author before publication. If the author does not respond within a week, the edited version will appear in the Bulletin.

Unaccepted articles will not be sent to the author(s).

We accept articles in both English and Amharic.

Views expressed in the Bulletin are those of the authors and are not necessarily of the institution's in which the author(s) work or of the EEA.

Articles should be addressed to:

The EEA Bulletin Ethiopian Economic Association P.O.Box 34282



# Letter to the Editor



Dear Editor.

I was very pleased when I received the maiden issue of Economic Focus: bulletin of the Ethiopian economic Association (EEA). The format is very good. Even more interesting are the pieces that are published in it. I would like to single out Dr. Yonas Admassu's piece for a special comment. Though written in a deceptively simple language, it raises a number of important issues relevant to development discourse in Ethiopia. It would be very interesting if there is a follow up of the issues raised by Dr. Yonas which sociologists, anthropologists and other students of culture are invited to comment.

You plan to publish "economic news and analysis in the bulletin", as you stated at the end of issue No. 1. However, the same issue clearly demonstrates that economic analysis would be all the richer if it is supplemented by comments from scholars in related disciplines.

Bringing out the Focus twice in a month is very laudable. It will give economists the forum to comment on economic matters as they unfold. I look forward to reading the next issue.

Shiferaw Bekele (member of the Association), Department of History, Addis Ababa University

I welcome EEA's initiative to launch a new medium to communicate with noneconomists. Economics, being a science of common sense, must be a subject that has to be shared with other disciplines. To attain this objective. however, it is not enough to publish " articles devoid of algebra," alone (see editorial, EF vol.1No. 1). We need a theoretical framework for our new venture. Orthodox neoclassical economics may not bridge the "Rift Valley" that has existed between different but related disciplines, which can flourish in the neighborhood of each other.

A theory that can, perhaps, enable economists to understand, and be understood by others is Institutional Economics. This theory (in the words of Douglas North, a Nobel prize Laureate for economics) "incorporates a theory of institutions into economics" and provides

evolutionary and interdisciplinary approaches required for discussing policy as well as practices relevant issues. Unfortunately, Institutional Economics has, so place in the undergraduate and graduates programs of the Department of Economics, Addis Ababa University. I hope the day will come when Institutional Economics assumes its right place in the discussion of development problems of this country.

Dejene Aredo, PH.D. (member of the Association), Department of Economics, Addis Ababa University.

# Round-table Discussion on "Food Security and Rural Land Policy"

A Round-table discussion on this topic was held on October 30, 1997 at the Semen Hotel. This event was attended by government officials, academicians, NGOs and persons from the private sector. Panelists presented short papers and provided their views on the topic. The papers are presented below.

# የምግብ ዋስትናና የመሬት ይዞታ ሁኔታ

መስፍን ወልደ ማርያም ተቅምት 1990

በሶስት የተለያዩ የሚመሰሉ የአንዛዝ ስርአቶች ውስጥ ሆነን በዚህ ርእስ ሳይ ስንወያይ አሁን ሰሳሳ አመት ሊሞሳ ነው። ሆኖም የምግብ ችግር በኢትዮጵያ እየቀጠለ ነው።

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- ሀ) በስልጣን ላይ የሚወጡት ሰዎች የኢትጵያን የምግብ ችግር ለማስቀረት ፍላጎቱ አላቸው ወይ?
- ል) ለአርዳታ ሰጪ አገሮችና ድርጅቶች የኢትዮጲያን የምግብ ችግር ማስወገድ የሚጠቅጣቸው ነው ወይ?

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- እ.ኤ.አ በ1986 መጨረሻ ላይ በአለማያ ዩኒቨርስቲ ውስጥ በዚሁ ርእስ ላይ ትልቅ ስብሰባ ነበር። እኔ ያቀረብኩትን ዕሁና የደመደምኩት በሚከተሉት አረፍተ ነገሮች ነበር፤-
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እንደገና እ.ኤ.አ. በ1988 መጨረሻ ላይ አደጋን (ችጋርን ለማለት ነው) የመከላከል አቅድ በሚል በፕላን መምሪያ ትልቅ ስብሰባ ተደርጎ ነበር። አዚያም ላይ የችግሮች መነሻ የሆኑትን በመተንተን አንድ ጽሁፍ አቅርቤ ነበር።

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በተለያዩ ምክንያቶች እኔ እንዳልካፌል ማዕቀብ ቢጣልብኝም በአለፉት ስድስት አመታት ውስዋም ብዙ ስብሰባዎች ስለምግብ ዋስትና ጉዳይ እንደተደረጉ አውቃለሁ። ሆኖም የምግብ ችግራችን እየቀጠለ ነው። በወረቀት ሳይና በባለስልጣኖቹ አንደብት እንደሚነገረው ከሆነ ደግሞ ኢኮኖሚው በጣም እያደገና በእርሻ ምርትም እሀል ወደ ውጭ ለመሳክ እየተዘጋጀን ነው። ይህ እየተባለም የእሀል ምፅዋት ከምእራባውያን አገሮች መጠየቃችን አልቀረም።

ለእኔ እንደሚታየኝ የኢትዮጵያ የእርሻ ችግር ሁለት ዓይነት ነው። አንዱ ክራሱ ከገበሬውና ከአውራሩ የሚመነጭ ችግር ሲሆን፣ ሌላው ደግሞ ከአገዛዝ ሥርዓቶቹ የእርሻ መመሪያ ብልሽነት የሚመነጭ ነው።

የአገዛዝ ስርዓቶች የኢትዮጵያ የአርሻ ምርት እንጻያድግ አፍነው የያዙት ብልሹና ግድየለሽ የአርሻ መመልየዎች ብዙ ቢሆኑም መሠረታዊው የመሬት ይዞታው ነው። ሁሉም አንደሚያውቀው ባለፉት ሃያ አምስት ዓመታት ውስጥ በሃስቱም የአገዛዝ ሥርዓቶች መሬት አብዛኛውን የገጠሩን ህዝብ ለመቆጣጠር የሚያገለግል የአገዛዝች ዋና መሣሪያ ሁኖ ቆይቶአል። ደርግ የመሬት ይዞታ አዋጅ ቢያወጣም በደርግ ዘመን የመሬት አገዛዙ መሣሪያነት ከአፄ ኃይለ ሥሳሴ ዘመን የበለጠ ነበር። አንዲሁም ደርግ ከአደረጋቸው ጥሩ ነገሮች አንዱ ገበሬዎችን በማነበር ማደራጀት ቢሆንም የገበሬ ማጎበሮችን ለገበሬው ጥቅም የቆሙ ነፃ የገበሬዎች ማጎበር ሳይሆኑ የአገዛዙን ሥርዓት ለማስከበርና ጎዝቡን በይበልጥ ለመቆጣጠር ነበር።

በጣም ተሩውና ምርጡ መሬት የአገዛዝ ሥርዓቱ መሣሪያዎች ደሆናሉ ተብለው ለተገመቱት ለወል አራሾች ይደለደል ነበር። ከዚህም በላይ የመሬት ድልድሉ ከባድ ችግሮች ነበሩበት። የመሬት ድልድሉ የተመሠረተው በሁለት በማይጣጣው ቁም ነገሮች ላይ ነበር። ለገበራው መሬት እኩል ለማካፌልና በቂ መሬት ለመስጠት። አኩል ማካሪል የሚለው ቀም ነገር ገበሬዎች ሁሉ ያለምንም አድልዎና የፆታ ልዩነት እኩል መሬት እንዲደርሳቸው የሚያዝዝ ነበር። በቂ መሬት የሚለው ቀም ነገር ደግሞ አያንዳንዱ ገበራ እንደቤተሰቡ 中TC: 74:46 በማበሳለক የሚያደላድል ነበር። በመጀመሪያው ቁም ነገር መሠረት እያንዳንዱ ገበሬ ሳይበላለተ እኩል መሬት ያገኛል፣ በሁለተኛው ቁም ነገር መሠረት ብዙ ቤተሰብ ያለው ገበሬ ሰፊ መሬት ሲደገኝ። ብቻውን ያለ ገበሬ ደግሞ ትንሽ መሬት ያገኛል። የደርግ ባለስልጣኖች አንድ ነገር አልገባቸውም፣ የጎዝብ ቁጥር ቆም የሚቀር ሳይሆን እያደገ የሚቴድ፣ በአንፃሩ መሬት አለማደን ብቻ ሳይሆን አንዲያውም እየቀነሰ የሚቴድ wally. ተሰውሮባቸው ነበር። ለተከታታይ የነበሬዎች

ትውልድ ሲሠራ የማይችል ግራ የተጋባ የመሬት ድልድል ነበር። በዚህም የተነሳ አንድ በድልድሉ ጊዜ ብዙ ልጆች የነበሩት ገበራ ሰፊ መሬት በመያዙ የተነሳ ያሳገባው ትንሽ መሬት አማኝቶ በሚያገባበትና ልጅ በሚወልድበት ጊዜ፣ ወይም ደግሞ በድልደሉ ጊዜ ልጅ በመሆኑ መሬት ሳደገኝ የቀረው ዕድሜው ሲደርስና ገበራ ለመሆን ሲልልግ መሬት ለማግኝት ስለማይችል አንዱ አስቲምት መጠበቅ ነበረባቸው። እንደዚህ ሁሉም ተጠባብቆ የስጋት ኑሮ ለመኖር ተገድዶ ነበር። የመሬት ይዞታው ድልድል በአንድ በኩል ሳንቡትና ብዙ ልጆች ሳሳቸው፣ በሌላ በኩል ደግሞ ለገበሬ ማንበራት ሽምት የሚያደላ ሰለነበረ በአከልነት ላይ የተመሰረተ ነው ለማለት በፍጹም አይቻልም ነበር። ይህ ከባድ ቅሬታን ያስከተለ ሲሆን በየጊዜው የመሬት ድልድል የሚከናወን መሆኑ ደግሞ ማንም በሙሉ ልብ ባለመሬት የመሆን ስሜት ሊያድርበት አልቻለም።

በተጨማሪም የደርግ የመሬት ድልድል በተቻለ መጠን ሁሉም ከለም መሬትም ከለም ጠናም እንዲያገኝ በማለት የአንድ ነበሬ ድርሻ ብዙ ማሳዎች በመሆናቸው በዚህ ዓይነት የመሬት መሽንሽን ሌላው ከመሬት ደዞታው ጋር የተደያዘ ችግር ነበር። በደርግ ጊዜ የነበረው ያልተረ ጋገጠና ነበሬዎችን በሰጋት ውስተ የመለው የመሬት ደዞታ ሁኔታ ያስከተለውን በብዙ መቶ ሺዎች የሚቆጠሩ ነበሬዎችን ሞት አናስታውሳለን። በተደጋጋሚ በሚመጠ ችጋር ኢትዮጵያ ያጣችው የነበሬዎችን ህይወት ብቻ ሳይሆን ከብርና ኩራትዋንም ነው ።

በኢህአዴግ አገዛዝም መሬት የአገዛዙ መስረደ መሆኑ በባሰና በተጠናከረ ሁኔታ በመቀጠሉ የገበሬው የመሬት ይዞታ ይበልጡት ያልተረጋገጠ ሆነ ለምሳሌ በትግራይ የኢትዮጵያ ዴሞክራሲያዊ ህብረት (ኢዴዩ) አባላት ላይ የደረሰው ኢህአዴግ መሬትን የአንዛዝ መሳሪያ አድርጎ የሚጠቀምበት መሆኑን የሚያስረዳ ነው። የኢዲዩ አባላት ከመሬታቸው ማማሹ እየተወሰደባቸው ማማሹ ለሚስቶቻቸው ሲባል ቀርቶላቸዋል። የንዚህ ሰዎች ሀጢአት ኢሀአዴግ የማይወድደው ፖለቲካ ቡድን አባሎች መሆናቸው ብቻ ነው። በቅርቡ በክልል 3 የተደረገው የመሬት ድልድልም ፍፁም አድሎአዊና በፖለቲካ ታማኝነት ላይ የተመሰረተ እንደነበር በጣም ግልጽ ነው። ይህ ሁኔታ የትኛውንም ገበራ የተደለደለለትን ምምር ልበ ሙሉ ሆኖ አርሻውን እንዲያካሂድ የሚያደርግ አደደለም ። መሬቱ የኔ ነው የሚል ሰሚት ማንኛውም ገበሬ የለውም። በሀይወታቸው ከንንዘብ ሌላ ምንም ከፍ .ያለ 5ባር መኖሩን የማ.የው·ቁና የማይታያቸው ሰዎች በአዋቂነት ተመዝግበው የሚመከሩት ለገበሬው ምርታማነት የመሬት

ይዞታው አይነት ምንም ልዩነት አያመጣም የሚል ሊሆን ይችሳል። ለኢትዮጵያ ገበራ ግን መሬት የሀብት መግለጫ ብቻ አይደለም። ለኢትዮጵያ ገበሬ መሬት ከሀብት ይበልጥ የሰውነቱና የዜግነቱ መግለጫ ነው። በልበ ሙሉ ደሀና በልበ ቢስ ሀብታም መሀከል ያለው ልዩነት የኑሮ ምቾት ሳይሆን የኑሮ ጣሪም ነው።

መሬቱ የገበሬው የራሱ ቢሆን ይሸጠዋል በማለት የሚቀርበው ክርክር ማደናገሪያና ዋጋቢስ ነው። መጀመሪያ የኢትዮጵያ ገበሬ እንኪን መሬተንና በሬውንም ቢሆን በከፉ ቀን ሲሸዋ አልታየም። いんナギ የኢትዮጵያ 70% 296.71 እንደማይሰማውና ምንም እንደማደውት ህጻን አድርገው የሚመለከተ፡ ሰዎች የሚያቀርበት 725768 ነው። ሦስተኛም። 7176,00-3 ከማናቸው ያሜሪንት በዝባዥ ለመጠበቅ በአውንት ከተፈለገ በህግ መደንገግ ይቻል ነበር :: በቅልውጥ ጉሮና አስተሳሰብ የሚመሩ ሰዎች በኢትዮጵያ 70ፊና በኢትዮጵያ አርሻ ላይ የአዋቂነትና የአማካሪነት ደረጃ ፖለቲካ ውሳኔ ሲሰጣቸው የሚያደርጉት ጥሩት ከባድ ሊሆን ይችላል፤ ከተቂት ዓመታት በፊት መፍን ለማዋፋት የተደረገሙን መካሪ የሚያመብ የመቁታል::

አሁንም ቢሆን የመሬት ይዞታው ሁኔታ በቁራሽ አልተሻሻለም፣ እንዲያውም ተባብስአል። ስለዚህም የምግቡ ችግር አሁንም እየቀጠለ ነው። ምንም ዓይነት የገበሬ ማስተማሪያና ውርቶ ማሳያ፣ ወይም የማጸበሪያ አደላ ቢደረግ ገበሬው የመሬት ይዞታቸስትና ማጣቱን አይፍቁለትም። ገበሬዎችን ማስተማር የሚባለው ነገር ረጅምና መካን ታሪክ ለአለፉት ውላሳ ዓመታት እስከአጋርፋ ድረስ ከዚያም ወዲህ አስከአሁን እንዳለው እናው ቃለን። ምንም የተለወጠ ነገር የለም። ልክ በአለፉት ህያ ዓመታት እንደሆነው ሁሉ አሁንም ገበሬዎችና ቤተሰቦቻቸው በምግብ ማጣት ምክንያት በብዛት አየራለሱ ነው። አካዚህን ለግየት የፈለገ ከቸርችል ጎዳና ርቆ መቴድም አያስፈልገውም።

ከ1977/78 በኃላ የከፋ የረሀብ አልቂት በኢትዮጵያ ያልኖረው የምግብ ምርቱ ከፍ በማለቱ ሳይሆን ወይም የምግብ አጥሪቱ ጠፍቶ ሳይሆን በጣም ብዙ የመንግስት ያልሆኑ ድርጅቶች ሁልጊዜም በተጠንቀቅ አየጠበቁ ትንሽ የችግር ፍንጭ ሲያዩ አሪ፤ አያሉ አርዳታ በቶሎ አንዲደርስ ስለሚያደርጉ ነው።

ከ1957 ማድም ጀምሮ አትዮጵያ የምግብ ተቀባይ አገር ሆና ቆይታለች ፡፡ በአንድ በኩል የህዝብ ቁጥር አየጨመሪ በሴላ በኩል ደግሞ ባለቤት የሌለው መሬት ምርታማነቱን እየቀነሰና ሰለመሬትም ያለው የአመራር ጉድለት ገበሬው የመሬት ይዞታ ዋስትና እንዳይኖረው በማድረጉ የገበሬው ምርታማነትና የኢትዮጵያ የእርሻ ምርት ሊያድጉ አልቻሉም። ገበሬው ገና ነጻ ስሳልወጣ የምግብ ዋስትና ከዛሬ ሂደ አምስት ዓመት የባሰ

The Land Question and the Issue of Food Security

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In the early 70's, the issue of food security was seen as a supply problem both at national and global level. This conceptualization has led to the adoption of strategies aimed at intensifying food production. Unfortunately, the approach disregarded a number of variables that do affect food security both at the national and household level.

Notwithstanding the evidence that indicates an increasing trend of per capita food production at global level, there are still people suffering from lack of food and/or with high level of malnutrition, particularly in developing countries. Studies indicate that in 1990 the supply of calories (at a global level) was more than 100 percent compared to the total requirement. However, some studies conducted during the same period indicate that more than 100 million people were victims of famine and a quarter of the world's population suffers form food shortage.

In Ethiopia, the average recommended rate of per capita consumption is 225 kg/person/year. The per capita production in 1996, for instance, was 325 kg in Arssi and 242 kg in Gojam. Average land holding size is 0.5 to 0.75 hectare in Arssi and Gojam, respectively. In addition, 62 and 57 percent of children under five in Arssi and Gojam, respectively, were malnourished. Noting

ሆኗል። የምግብ ዋስትና ሊገኝ የሚችለው ገበሬው ነጻ ሲወጣና የራሱ መሬት ባለቤት መሆን ሲችል ብቻ ነው።

the fact that Arssi and Gojam are important surplus producing regions, these figures indicate that food availability alone does not guarantee access to food. Besides, the food security problem is associated with the existence of risks which vary from man made to natural factors. Depletion of natural resources, disruption in food systems, state polices and undesirable social ties are some of the other factors that contribute to food insecurity.

Moreover, the level and fluctuation of food prices worsen the situation of the poor since the lion's share of their expenditure is on food. Lower prices directly affect those households who derive their income from the sale of food items.

Confusion often arises about the notion of food self-sufficiency and food security. Food self-sufficiency ratio, measured by the extent of food demand met by domestic supply, stood about 97 percent in 1980 and declined to about 88 percent in the beginning of the 1990s. This, combined with other factors, shows how much the food security situation is threatened. Based on the recommended food intake level of 2100 calories/person/day, the deficit level in the last decade was estimated to reach about the equivalent of 4 million tons of food grain.

The nutritional status as surveyed by CSA in 1992 (as a proxy indicator of food security) indicated that 64 percent of the nation's children under 5 were chronically malnourished, 8 percent wasted and 47 percent under weight. In terms of regional variation chronic malnutrition ranges from 49 percent in South Omo to 75 percent in South Gondar. The nutrition surveillance conducted in 1992 further indicated a general trend of deterioration. In particular, malnutrition increased from about 37 percent in 1983 to 47 percent in 1992.

Over 40 percent of the estimated food-insecure people of sub-Saharan Africa are found in Ethiopia, Nigeria and Zaire. The 1992 IGAD food security study also indicated that Ethiopia has the highest number of food-insecure population in the region. These food-insecure groups are resource poor farmers, people living in marginal areas, poor nomads, people living in war-affected areas, refugees and the urban poor. The food security study conducted in four towns (Awassa, Bahirdar, Dire Dawa and Jimma) indicates that 29 and 57% of the dwellers of Dire Dawa and Bahirdar, respectively, are foodinsecure at an intake level of 1700 calories. The study also indicates half of those with income below 199 Birr/month in the same towns are incapable of securing sufficient food. Similarly, a study conducted in Addis Ababa indicated that nearly 41% of the population had insufficient income to acquire enough food (ENI 1993).

In the question of food security, land is given a paramount importance as it is one of the factors of production (food production). The transfer of land ownership from the landlords to the peasants during the early days of the 1974 revolution marked a turning point in the Ethiopian social hierarchy.

Out of the total land area of about 115 million hectares about 65 percent is estimated to be suitable for agriculture. At present, however, only 15 percent is assumed to be cultivated. Not only is the proportion of land cultivated small but also the output of different crops per unit area is low. The potential for irrigation is estimated to be about 3 million hectares. Due to limited experience in water management as well as limited capital available for investment, the area under irrigation accounts for only 5 percent.

After a transitional government assumed power in the early 1990s, the policy on Rural Land Tenure was challenged from two opposing views about ownership: continuation under state ownership and private ownership with the accompanying right to sell and exchange. Given the political and economic problems associated with the issue, the question was debated at the constitutional level. Accordingly, the constitution approved in December 1994 retained the ownership of land under the control of the people and government of Ethiopia, prohibiting its private ownership. The constitution, however, has provision of leasing rights for users. Land use right of peasant farmers is also confirmed. Existing holders were permitted to transfer their holdings by inheritance to legal heirs. They can also hire labor and be compensated fully if expropriated.

Unlike the practice in the previous regime, state control of grain marketing was abolished and farmers were permitted to supply their produce to markets openly.

There are a number of legal instruments issued with respect to the leasing of land, water and mineral exploitation. Proclamation 15 of 1992 (A Proclamation on Encouragement, Expansion and Coordination of Investment) provision for accessing sufficient land and water that is commensurate with the investment. The conditions for the use of land and water are to be governed by lease agreements. The proclamation provides incentives in the form of reduction in tax and other exemptions for investments in agriculture, natural resource development, protection and preservation, construction and building industry and rural transportation.

Council of Ministers' Regulation 120 of 1993 also allows the issuance of licenses for investors wishing to engage in agriculture. This list includes production of annual and perennial crops, animal and fisheries, forests, wildlife and wildlife products. An investor could obtain land by a lease agreement entered with the Regional State Government and submitting a feasibility study that clearly states appropriate conditions for environmental protection. No land will be given to an investor without protecting the rights and interests of peasants.

To give maximum support to the development of

agriculture, the policy confirmed a reorientation of government support away from state farms to peasant agriculture, in particular for the construction of rural infrastructure (roads, etc.).

Hence, the issue of land in relation to food security is one of the controversies between the classical approach that equates food production with food security and the current thought of acknowledging the importance of complex macro and micro economic issues which needs to be discussed.

# LAND, POVERTY AND FOOD INSECURITY

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# Poverty1

Different authors have used different criteria for defining the poor, and some of the most common indicators are household income and expenditure, food consumption and nutritional status, asset ownership, and/or access to basic services. Given the prevailing conditions in this country, oxen ownership serves as the best measure of economic status for the following reasons. I need not belabour the fact that oxen are indispensable asset in the production process in much of highland Ethiopia. So too land, but whereas the possession of farm plots is conditional on membership in the Peasant

Association of one's locality, irrespective of the ability to farm, the ownership of oxen depends on the ability of the household to purchase and maintain the animals for farming purposes. In the first case, land was distributed to households. and through repeated distributions the size and quality of one's plots was periodically altered. Thus the household did not have the power to determine what and how much land it was to cultivate. This is not the case with livestock ownership; it is the better endowed who have more livestock, especially farm oxen. Moreover, those who have more farm oxen are more likely to own more cattle, to farm more land, and to obtain a bigger harvest than those who do not. even though the size or quality of the land of both groups may be the same.

Using this approach, I have estimated that the rural poor, ie., those who own less than two oxen, make up 57 percent of the total households in the countryside. The destitute, those who have no oxen at all, are almost a third of the farming households. In North Wollo zone, for example, where I did a short survey in October, my findings are that 43 percent of rural households do not own any oxen, and 38 percent have one ox each. Moreover, it is important to note that poverty is a growing phenomenon, and as we shall see below, the ranks of the middle and well-to-do peasantry have been declining for the last two decades, and continue to decline today. It is the argument of this presentation that state policy, in particular land policy, has actively contributed to the growth of rural poverty.

#### Manufacturing Poverty

For the purposes of this paper, I wish to make a distinction between small-holder agriculture and micro-agriculture. Micro-farm systems are those in which the basic capital assets of households have become highly insufficient, and in which households are trapped in production for survival. Such systems have nowhere to go but down: i.e., they can only deteriorate because they are not capable of producing wealth but

<sup>&</sup>lt;sup>1</sup> For an extended treatment of many issues raised in this discussion, and the relevant references, see my paper: "Manufacturing Poverty: Rural Policy and Micro-Agriculture", paper presented at the IDR workshop on Access to Land and Resource Management in Ethiopia, Addis Ababa, 28-29 November 1997.

survive by consuming their meagre assets. Micro-farm systems are fragile systems: they collapse easily under minor pressures such as rainfall variability OF moderate environmental stress. On the other hand, while subsistence is an important element in smallholder systems, such systems can operate as an enterprise in the capitalist sense of the term. Households in such systems have sufficient assets to operate their farms as an enterprise, i.e., to produce a marketable surplus and to create wealth; they are also not as vulnerable as microfarm systems.

A significant change in Ethiopia's agricultural system in the last three decades is the shift from small-holder agriculture to micro-agriculture. While the roots of this shift may be traced back half a century or so, it is in the period since the revolution that the change was accelerated. At the heart of this 'negative transformation' is the post-Revolution land policy which redefined the country's tenure system, and which gave strong impetus to this 'transformation'. Today, peasant agriculture is locked in a process of decline and impoverishment from which it cannot escape unless there is a profound rethink of land policy, and a radical break with the legacy of the Derg.

We may begin with the land reform of the Derg which is still the basis of the present land system in the country. The reform had noble intentions, and I still believe that its implementation was necessary to bring to an end the archaic land system of the imperial regime and the exploitation of the peasantry on the one hand, and to promote economic justice on the other. The initial legislation was welcomed by a majority of the peasantry but subsequent policies and practices transformed what was potentially a positive measure to an instrument for rural impoverishment. I have discussed the reform in more detail elsewhere (Dessalegn 1994) and thus what follows is only a brief overview of the subject.

The reform of the Derg ensured that microfarming would become the basis of the rural economy. It dispossessed the landed classes and distributed land to peasants who were organized in Peasant Associations and who were entitled to land only as residents of their Kebelle. Having extinguished all customary and other land rights. it vested the power to redefine rights of property and access to land in the state. The peasant had only usufruct rights to the land which he/she could not transfer to others except to children who themselves were not beneficiaries of the reform. These usufruct rights were moreover dependent on the peasant's continued residence in the Kebelle. Land transfers could only be possible through periodic redistributions. Each child on reaching the age of 18 was entitled to a plot in his or her Kebelle, and this meant that periodic redistribution was inevitable. In the period up to the second half the 1980s, there were between three and four redistributions in many parts of the country. Naturally enough, all peasants in a Kebelle ended up losing a portion of their land after each redistribution, and there was thus what may be called a dynamic process of levelling down. We should add to this the fact that parents also distribute parcels of their plots to children either in old age or at the time of death, and thus the family holding is further subdivided.

The profound consequences of this land policy are fairly obvious. First, periodic redistributions and the levelling down of holdings that they gave rise to meant that there was now little incentive in investing on the land and in managing it properly since one's holdings could be transferred to others at any time. Security of tenure and efficient land use were sacrificed on the misguided belief that redistribution would promote egalitarianism; what happened in actual fact was that everyone became poorer with each reallotment, and family holdings became progressively smaller. At present, average holdings in many parts of the country measure less than a hectare, and the prospects are that these will become even smaller in the years

ahead. As one peasant in the Sanga valley, west of Woldya put it, the time is not far off when peasants will not have enough land to build their homesteads. Secondly, the legal prohibition of land transfers has meant that the consolidation of plots and the more efficient use of the land cannot be undertaken. Thirdly, the system has discouraged the movement of the rural population out of agriculture since rights to land are dependent on residence in the Kebelle. Any person absent from his Kebelle for an extended length of time will lose his rights to his allotment; he will also forfeit his land if he is not present at the time of redistribution. The countryside is thus carrying an enormous population, estimated at present to be over 50 million. Significantly enough, the Derg's land system placed the younger generation in a disadvantaged position; it is this group which has largely borne the burden of landlessness. The young, who came to see themselves as the "have nots", resented their parents whom they saw as the "haves". This generational cleavage will continue to create tensions and discontent

The present government's land policy is for the most part similar to that of the Derg: land is still state property, and redistribution is the only mechanism by which major land transfers are effected. The policy does allow, however; the renting of land by holders as well as the hiring of labour, both of which were illegal under the Derg. What is perhaps different in the present case is that land policy is now enshrined in the Constitution, which will aggravate the rigidities of the land system, making timely changes in tenure, and flexibility and efficiency in holdings more difficult. It is not clear at the moment whether the use-rights of holders will be institutionalized in the form of leasehold, which is complex and costly to implement, or be left to customary practice as was the case during the Derg regime.

The EPRDF has been carrying out redistributions even when it was still a rebel force. In Tigrai itself, the TPLF carried out three rounds of

redistributions, in 1978, 1980, and 1987 (Chiari 1996). In North Wollo, redistribution was undertaken in 1990 soon after the area was brought under EPRDF control; previous to that there were at least three rounds of redistribution. The method used in all cases to apportion land to households was basically similar to that employed by the Derg, and the consequences are also identical. Land redistribution was recently undertaken in those zones of the Amhara Region which were not under EPRDF control until the fall of the Derg in 1991. The official reason given for the decision was that there were serious imbalances in the existing tenure structure and that some peasants were operating large holdings while many others were landless. The main beneficiaries were the landless young, and it does appear that this was the intended outcome from the outset. In other words, the rationale for the redistribution was political rather than economic. The great damage this has done to the local economy will become evident in the years to come. Regional government officials made efforts to re-assure the peasantry that this would be the last redistribution, but many peasants in North Wollo and elsewhere in the Region are apprehensive that redistribution will soon be undertaken. Indeed, the central government is now considering draft legislation setting out guidelines for future redistributions.

But despite the serious handicaps, peasants are making maximum use of existing resources, and the farm system is operating at its full capacity, barring drought and other environmental crises. Under favourable weather conditions, all the available land in each community is farmed. even though a majority of the population do not own farm oxen. This is because land moves from households which cannot use it efficiently (lack of traction power, of labour, etc.) to those which are capable of doing so. The main movers of land are a variety of traditional institutions (eg. megazo in North Wollo) which are common throughout the country, and which allow the more endowed households to rent the land of the less endowed in return for payment which

frequently is in kind. In these arrangements, the oxen-owner has the upper hand, though how much of the harvest is shared between him and the poor land-owner will depend on customary practices, and the contribution to the harvest each party has made (seeds, labour, etc.). Such arrangements enable the better-off peasants to farm more land than they legally hold and at the same time offer income to the poor who otherwise would be unable to farm their plots and would thus be in dire straits. However, these arrangements only allow the temporary transfer of land, and the stronger peasant who wishes to make more effective use of them is faced with serious difficulties. To begin with, the transfer of land rarely extends beyond one or two harvest seasons; the exceptions are transfer arrangements in which the parties concerned are close relatives and there is mutual trust among them. This, thus, means that neither party can make long term plans regarding the use of the land. Secondly, because of the uncertainties involved, the arrangement has to be renegotiated each time the two parties consider the issue. In other words, the able peasant is denied the chance to make efficient use of the land because the terms of the contract are subject to change.

In brief, it is evident that land policy has contributed to the growth of rural poverty. In an attempt to accommodate the increasing population, peasant communities had to parcel up and distribute grazing land, resulting in severe shortage of animal fodder. Because of the shortage of pasture, many rural communities, especially in the northern highlands, can only support a very small livestock population, and this explains the highly skewed nature of livestock ownership in these areas. Some communities in fact have been putting greater emphasis on sheep and goats because there is not enough fodder to support cattle. In order for a household to maintain a few heads of cattle, it will have to produce enough crop residue to feed them for part of the year, and enough labour to graze the animals in distant places such as towland plains frequently used by pastoralists. In North Wollo, the well-to-do hire herders, or, if they happen to be close to the Afar lowlands, place their cattle in trust with Afar pastoralists in return for some kind of payment. In brief, shortage of fodder, the progressive diminution of plots which for many have become too small to be worked by oxen, and the insecurity of tenure have made it no longer profitable to invest in farm oxen.

As noted above, the land system has trapped an enormous population in the rural areas, creating the conditions for a Malthusian disaster. As resources become ever more scarce the population competing for them grows progressively larger. There is no large-scale movement of peasants to the urban areas at present, and this is an indication of the immense power of land policy in holding the population in the rural areas. This country is the least urbanized in Africa, and except perhaps in the case of Addis Ababa, rural to urban migration is not a significant demographic issue. The sociological and economic profile of most provincial towns, including those in areas of high population density, has not changed in any meaningful way in the last three to four decades. In the absence of improvements in farm technology and of real growth in agricultural productivity, the existing rural population is earning less, consuming less and becoming increasingly impoverished.

Land policy has blocked all avenues for enterprising peasants to break out of the poverty trap. It is foolish to expect a dynamic agricultural economy based on a land system which promotes micro-holdings and which denies the efficient farmer the opportunity to wealth. Instead offering accumulate of encouragement to enterprising peasants to get secure access to more land, to use the land more efficiently, and to expand their operations, land policy is pulling the rug from under their feet by periodic redistributions. This is not the place to discuss an alternative to the existing land system, but the only way land can be transferred on a secure basis to the more efficient farmer is through the institution of freehold and the right of individuals to dispose of their land as they wish; moreover, unless ways are found to encourage large numbers of the farming population to move out of agriculture, plot sizes will continue to be minuscule<sup>2</sup>. As it is, the present land system is concentrating the population in the rural areas, promoting microagriculture, and actively engendering poverty.

The New Extension Strategy

Belay Ejigu Head, Agricultural Extension Department Ministry of Agriculture

#### 1. General

The agriculture sector is almost entirely dominated by small-scale resource-poor farmers who produce 90-95 percent of all cereals, pulses and oil seeds. They also grow 98 percent of coffee. Cereal production accounts for nearly 85 percent of the total cultivated land and nearly 70 percent of the caloric intake of the Ethiopian population. Livestock farms are part of the mixed farming system where crop production is the main economic activity of small holding farmers. It is also the main resource base of subsistence pastoralist in the arid and semi-arid lowlands.

Hence, effective technology generation and transfer systems which would properly cover all agro-ecological zones of the country, coupled with improving access of farmers to input and credit as well as improving the performance of the market and distribution system, could enhance food security at household and national level. To achieve these objectives, the strategy will make use of the adoption of improved technologies for enhancing farm productivity of small-holder agriculture whilst encouraging the growth of both extensive mechanized farming and intensive commercial agriculture.

## 2. The Strategy for Extension Intervention

Drawing lessons from past experience, the government of Ethiopia has formulated an "Agricultural Development (ADLI)" Industrialization strategy. agriculture as the development base and, within this frame, focusing on raising the productivity of small-scale farmers, who are taken as the key actors and partners at the grassroots level. Formulated within ADLI is the new system of agricultural extension, termed "Participatory Demonstration and Training Extension System (PADETES)". As the name implies, the system is based on demonstrating to and training farmers on proven technologies in a participatory manner. The system, which has been developed after a critical evaluation of past extension approaches, has also given enough room to accommodate present changes in extension philosophy, i.e., involving the utilizer sub-system (research, education as part of the knowledge system.)

In contrast to the past extension systems in which the focus was limited either to technology transfer or human resource development, PADETES gives equal emphasis to human resource development (organization, mobilization, empowerment) along with its effort in promoting appropriate technologies.

According to the new strategy, extension is entirely a regional affair. Although the national extension office is given the responsibility for coordination of inter-regional activities, policy advices, and technical back-stopping, the regions are given full autonomy in the management of their day-to-day operations. The planning, execution, monitoring and evaluation of extension

I refer readers to an earlier work where I discuss the elements of an alternative land policy (Dessalegn 1994).

programmes has been decentralized.

The intervention strategy in this system involves a package approach geared towards three different agro-ecologies, namely:moisture, moisture stress, and nomadic pastoralist areas. Distinction can also be made between areas being exposed for the first time to extension, where extension messages should be simple focusing on improved husbandry or improving cultural practices (crops and livestock), and other areas where there is already minimal extension and improved cultural practices combined with use of purchased inputs. Finally, there are also areas which are already involved in large-scale production, where moderate or high input technology may be appropriate. Supporting services and means of communication may also vary accordingly. However, all extension intervention should be sustainable, taking into account the need to conserve and rehabilitate the natural resource base. Soil is the number one resource for agriculture.

Agricultural research is geared to small-holder agriculture on an agro-ecological basis in different parts of the country. Package formulation intends to provide small holders with appropriate technology pertinent to different ecosystems.

The generation of technology through research is not a sufficient condition for ensuring its adoption. A system of technology transfer between research and extension that makes access possible to the farmers with inputs and information will enhance adoption by small-scale farmers.

# 3. Participatory Demonstration and Training Extension System (PADETES)

The system, which had been developed after critical assessment of past extension systems including the recent effort by the Sasakawa Global 2000 project, has been operational since

1995.

The assessment carried out enabled identifying the merits and demerits of each approach and, as a result, the new extension system benefits from the strong extension management principle of the T & V system, and merges it with the most pragmatic technology diffusion obtained from the experience of the SG 2000 project approach. Hence, PADETES is mainly a hybrid of the two.

The training and visit extension system is well known for its unified extension system, fixed Development Agent to farmer ratio, scheduled visit to farmers plots, continuous training of staff, and strong research and extension linkage. Nevertheless, the system is also highly criticised for its top down approach, weakness in the use of group and mass communication method and small size adoption plot.

# Long Term and Immediate Objectives and Main Features of PADETES

The prime objective of PADETES is to bring about change in the living standard of the farming community. The following are some of the short and long-term targets:

- improve the standard of living of the society through improving productivity.
- empower farmers to actively participate in the development process,
- increase the level of food self sufficiency,
- increase the supply of industrial and export crops, and
- ensure the rehabilitation and conservation of the natural resource base of agriculture.

Client: The content ranges from simple technology transfer (improved technologies, cultural practices) to human resource development, that is organization, mobilization and training of the society.

The technology transfer is strategically planned to suit the three dominant farming systems, namely moisture reliable, moisture unreliable (droughtprone) and nomadic pastoralists.

The difference in the content of the extension package to each system means different degrees of manpower requirement and extension communication methods employed in each situation.

#### Communication Methods/Means

The system advocates the use of all types of extension communication methods, namely, individual, group and mass methods which could be used depending on the type of message and social structure. Most commonly used communication means/methods include:-

- farm visit, printed media:- individual methods
- demonstration, contact group, field daysgroup methods
- · radio, newspaper TV- mass method

#### Audio-visual Aids

The use of audio-visual aids is also highly encouraged in this system. Material production units are to be established at different levels. Presently, this unit is effectively operational at the ministry level. It produces and disseminates printed, and audio-visual aids, including magazines, posters, pamphlets, videotapes, photographs, mobile films, slide films and others.

As working language may differ from region to region, the intention is to produce only prototypes at central level and regions will adopt them to their languages and mass produce them.

Although more than one medium is applied in a given situation, the system has given more emphasis to the following methods.

#### Demonstration

Demonstration has been found to be effective in upgrading the knowledge and skill of the farming community. Unlike the past extension methods, demonstration in this system is designed to ensure farmers' participation.

The farmers are involved at all stages of the demonstration from planning to evaluation. Such an approach is not only important to convince farmers on the new technology but also creates credibility for extension service.

Demonstrations can be conducted in all fields of agriculture including crop, livestock, soil conservation, farm implements, etc., both on individual and communal basis. Hence, the sites of demonstration could be owned by individuals or communities.

Thus, the new extension system is intentionally built on the positive experiences of the past, and it has also given enough room to accommodate the new philosophy in extension, such as the knowledge system in the development process.

#### Radio Forums

The role of radio in education is immense. Creation of awareness, communication with a large audience in a relatively short time and reinforcing messages are some of the areas where radio could serve best. However, the use of radio for extension purpose is not significant in our case. Thus, two strategies are suggested:-

- optimal use the existing radio station by allocating enough time to communicate messages
- establishing radio station for exclusive use of the extension service; for the purpose of complementing the weak side of radio (one way message) it is suggested to create radio listener group at village level.

#### Rural Youth Clubs

One way of reaching the rural society will be through youth clubs. Youth clubs, which can be established in rural schools or other social (regular) events, can serve as contact points to mobilise the youth. Practice-oriented agricultural education programmes can be implemented in schools under close supervision of teachers and development agents.

Apart from the direct benefit to students, such an approach can create a favorable atmosphere to development agents as they can easily convince the students' parents.

### **Agricultural Fairs**

Agricultural fairs conducted at various levels can also play a considerable role in the promotion process. Success stories in agricultural development, agricultural inputs and improved practices can be presented.

### Multipurpose Training (FTCS)

In addition to the day-to-day scheduled on-farm training, center-based training is also encouraged. Volunteer farmers who would be interested in certain agricultural disciplines can be trained for 3-4 weeks in Farmers Training Centers. Such centers are usually equipped with boarding facilities and teaching materials.

#### Rural institutes

Rural institutions such as farmers associations and traditional social organizations are used as important channels of communication.

#### Volunteers

Retired professionals and other volunteers are also encouraged to contribute as change agents in the promotion process.

# 4. Modality of Research Extension Linkage

The generation of technology through research is not a sufficient condition for ensuring its adoption. A system of technology transfer between research and extension that promotes access to inputs and information will be established. This linkage could develop on both a formal and informal basis. At present, the mechanism through which research findings from Institute of Agricultural Research (IAR) is disseminated and its interaction with the extension is unsatisfactory.

Hence, due attention has been given in PADETES to propose a pragmatic relationship between the two activities. Here, research and extension are treated as a sub system within the agricultural information system. Therefore, both formal and informal ways are to be explored at different levels. While the formal relation would provide legal accountability to each party, the informal relation is usually expressed through day-to-day working relationships.

The following are suggested as possible working mechanisms.

- group diagnosis
- · on-farm research
- joint responsibility to realise recommendations
- · research agenda formulation
- · field days
- · package review meeting
- · training

#### 5. Organizational Set-up

The previous organizational set-up of the Ministry of Agriculture was on a "commodity approach" basis. That is to say the Livestock Development Department, Agricultural Development Department (crop), Cooperative Department, etc. which, on its own imparted significant weaknesses to the effort of agricultural development. Departments were more self-

centred than goal or objective-centered. One and the same farmer was "all" departments, and so was the Development Agents (DA), from the point of view of departments. The fact is the DA and the farmer could benefit more from the integrated approach of the departments with appropriate, felt need based technologies and advice.

On the other hand, the new organization of the MoA is extension and regulatory, which is "function based" as opposed to "commodity based." First and foremost, there will be a very close link with research and technical departments and extension. Next, the technical departments verify whatever results they obtain from research or their own trials and then hand over proven technologies to extension. Last but not least, the extension section arranges, rearranges and organizes the technologies or ideas so that different disciplines are compatible, palatable and pragmatic in using the new idea. Finally, the relevant grassroots staff, the DA and the farmer are given training to implement them.

Hence, PADETES analyses the role of the extension service within the framework of the agricultural knowledge system and defines the major functions into four categories. These are:-

- · extension
- · multiplication
- · regulation
- · research and education.

Accordingly, the following organizational set-up is recommended:

- Agricultural research and education will have to be organized under different institutes, and make linkage to the extension service through research and extension linkage mechanisms.
- Multiplication of technologies to be undertaken by the private sector.
- Extension and regulatory activities to be organized under some Ministry/Bureau but

under a separate structure.

# 6. The Current National Extension Intervention Programme (NEIP)

As part of implementing the extension strategy, the government launched NEIP in 1994/95. The programme is mainly geared towards assisting small scale farmers to improve their productivity through disseminating research-generated information and technologies on major food crops, including teff, maize, wheat, sorghum as well as potato and forage crops, such as cow pea and vetch.

The program, which was only limited to 7 regions and 35,000 farmers in the initial year, was expanded to 10 regions and 350,000 farmers in the 1995/1996 production season. The assumption that 10 other farmers could learn from each demonstration plot through trickledown effect will make the total number of beneficiary farmers 3.5 to 4 million. In addition to expanding the number of farmers involved, the program has also formulated a separate package tailored to moisture stress areas since 1995/1996.

Although substantial back-stopping in the areas of package formulation, input delivery and training of staff is being made by the Federal Ministry of Agriculture, the entire management of the NEIP is executed by the regional governments.

The major elements of this approach are :-

- realistic size demonstration plots (1/4-1/2 ha),
- physical availability of production inputs where test farmers are provided with financial support for inputs on credit
- practical field training of one to two days
- creation of a strong pragmatic research extension linkage both in package formulation and stages of implementation
- empowerment of extension front line staff both technically and administratively by providing training and logistics support.

The outcome of 1994/95 (as presented in the table) has demonstrated the existence of effective technology packages that could relieve the country from its chronic food shortage, providing policy makers, researchers, extension agents and farmers the opportunity to work hand in hand.

In this context, the demonstration activities in crop production are utilized as an entry point for employing a step-wise approach to development, i.e., ability to improve productivity in food crops can initiate improvement in other areas such as post-harvest technologies, animal feed, fattening and poultry program, etc. step by step. Thus, appropriate packages are formulated by package formulation departments of the Ministry of Agriculture and include livestock production and soil conservation practices among others.

YIELD ACHIEVEMENT BY FARMERS 1994/95

Region		Tradition	onal av	erage q/h	a	I	EMTP av	erage	q/ha
	Maize	Wheat	Teff	Sorghum	Potato	Maize	Wheat	Teff	Sorghum
Tigrai	10	7	4	9		30	20	10	25
Amhara	15	7	6	14	55	50	35	15	30
Oromia	16	11	6	11		45	₩34	13.5	31
South	16	12	6	[2]	13	41	27	13	1.
Harari	12	) E		8.5		25	4	52	20
Reg. 12	12	134			-	30	· ·	-	

Evaluation report of 1994/95 NEIP, EMTP-Stands for Extension Management, Training Plots (Demonstration)

## On Sustainbilty of the Achievement

Sustainability can be viewed from both the biological and economic standpoints. Biological sustainability involves conserving replenishing the country's natural resource base. In relation to agriculture, this involves maintaining and improving the physical and chemical characteristics of the soil through biological measures (greater use of legumes, crop rotations, alley cropping where appropriate, compost and manures). This process can be enhanced and supplemented by use of chemical measures aimed at replenishment of mineral plant nutrients in depleted soils through the use of inorganic fertilizers.

Economic sustainability involves creating and improving the national capacity to fulfil all requirements for agricultural development. This in turn implies reducing the need for external assistance through donors pledges.

#### Areas for Future Research

With regard to economic sustainability in particular, there is a need to ensure that

mechanisms for inputs supply and delivery, credit provision, income generation and market facilities are all sustainable. Although some preliminary activities as to how to address these problems have already been identified, these are areas which deserve further research. Packages on conservation-based agricultural production are also very essential in order to address food demand in a more sustainable way.

#### Summary

One of the mistakes made when planning a development program is that planners often start with the extension service. However, an extension service is merely one of the possible inputs which may or may not be required for development.

If it can be determined that an extension service is required, then the service should be directed to that particular need.

The primary need for developmental projects is to have technically and economically viable innovations. Without it there can be no program. Many projects fail not because of lack of efforts, but simply because their packages are not good enough or not designed by the target audience to be economically and technically correct, and suitable for the existing farming system. A good innovation on its own might be enough in a highly motivated community. There are many examples of good ideas that could be rapidly adopted without exension activities.

# Comments From Participants

Articles presented under this heading are comments of participants who were present on the Panel Discussion on "Food Security and Rural Land Policy". This new feature is designed to promote discussion and provide opportunity for those who did not have adequate opportunity to express their ideas and views during the discussion.

# EEA's Panel Discussion on food Security and Rural Land Policy - A Comment

Senait Seyoum

I would like to express my view about the panel discussion on "Food Security and Rural Land Policy" organised by the EEA on October 30, 1997. Before going into the actual presentations and discussions on that date, let me first venture some general comments about EEA panel discussions which may be helpful in enhancing their future contribution and effectiveness.

At the outset, I would like to congratulate the EEA for having taken the lead on establishing a much needed forum for policy debate in Ethiopia. I believe that this is a positive step in fostering open and objective discourse on important, if often neglected and poorly understood, policy issues. But this conviction does in ne way make the task of EEA in maintaining and rendering this medium more effective any less difficult, especially considering constraints of time, resources, knowledge and culture. I, therefore, think it is essential that EEA recognises, at this early stage, that it cannot address too many policy issues, at the same time, and concentrates instead on bringing

more focus, objectivity and clarity to its panel discussions. I would argue for a clearer definition of the purpose of panel discussions and the establishment of firmer priorities, reflected in the choice (and may I add phrasing) of discussion topics, the number and type of invited people, and the manner in which discussions are conducted. Some simple and flexible guiding principles need to be set which can be used to identify critical policy issues to focus on, relate these to broad categories of policy objectives (e.g., efficiency, self-sufficiency, stability or equity) intervention areas (public/private), and have them tackled in a consistent and persuasive manner. Quite apart from reducing the scope for disagreement, subjectivity and prolonged debate, such an approach would, I think, add greater clarity and objectivity to the discussions and be beneficial to all concerned.

Let me now turn to the subject of the panel discussion of October 30. I must say I came out of the discussion rather disappointed, part of the reason for this being my inability to have drawn any concrete message from our experienced and learned presenters, about food security in Ethiopia. I had expected a more explicit focus on food security, be this of short- (transitory) or long-(chronic) term nature, within a comprehensive framework considering alternative policy options. I had hoped to get some answers (however partial

or incomplete) to questions like: "To what extent can Ethiopia effectively address problems of transitory and chronic food security through a general policy focus on national food selfsufficiency and long-term agricultural growth? What policy options or combinations of these are available to effectively address the problem of food security in light of prevailing diverse and variable poverty, vulnerability, natural resource and socioeconomic conditions, and related private/public capacities to deal with the problem? For example, what is the scope for pursuing a poverty-targeted or regionally- differentiated approach to agricultural development and food security in drought-prone and less vulnerable areas? What are the short-, medium- and long-term costs and benefits, in terms of food security and economic growth, of changes in land ownership patterns or in access/use rights to such scarce resources as water, oxen, livestock feed or trees?

Much to my disappointment, however, none of the presenters chose to dwell on these issues, nor for that matter, on what I thought were very obvious and important issues of food security. To be fair, all four presenters acknowledged the importance and seriousness of the food security problem in Ato Bevene illustrated to us that increased food availability could not guarantee food security in even the so-called surplus agricultural producing regions where malnutrition and chronic food insecurity were on the rise, and ended his presentation on an uncertain note as to what needed to be done. Ato Belay highlighted the enormous constraints to enhance agricultural production and stated that the problem of food security can only be resolved in the medium to long-term, however, he did not tell us whether this would be at the expense of short-term food insecurity. Ato Dessalegn who indicated that Ethiopian agriculture was regressing from a smallholder to a micro-farming characterised by excessive fragmentation of land holding, rapid population growth, restricted rural out-migration, and a dynamic process of impoverishment and rising food insecurity was reluctant to suggest any definite proposals or to comment on the practicality of his broad prescriptions. Professor Mesfin drew our attention to the repeated policy failures of consecutive Ethiopian governments and donors, especially in the area of land tenure, as major contributory factors explaining the persistence and rise of food insecurity and poor agricultural performance in Ethiopia. Unlike the other presenters, he was more straight forward with his proposal of private land ownership, but it was rather hard to locate the link to food security in his arguments.

What I found most striking and disturbing, during the presentation was the extent of the uniformity of their views regarding the problem of food security and their tender ies to take it for granted. In all cases, food security was treated in an aggregative and prescriptive fashion based on, what seemed to me, a rather subjective and superficial treatment of the problem. Tacit acceptance of food insecurity as a national problem would have been harmless if it did not conceal some irreducible aspects of diversity and variability that lie behind too generalised a concept of food security. And unless: these aspects of food security are addressed explicitly and up front. I do not believe we can even begin to move towards more appropriate and effective ways of understanting, let alone solving, the problem. In this context, a most notable omission in the presentations was the lack of any reference group or characterisation of food insecurity. Are all Ethiopians, or regions, or all of the rural poor, food-insecure and if no which groups or areas are food-insecure? Closely related to this issue, and again missed in the presentations. is also the contrast between different forms of food security occurring on different scales and at different points in time. For example, is it justified to dissociate chronic from transitory food insecurity, or the short- from the long-term in addressing the problem of food security?

I realise that the views expressed by the presenters are not altogether independent of their backgrounds, beliefs and expectations about food security in Ethiopia. But I see no reason for them not airing their views clearly and persuasively, or failing to mention important relationships between food security and sustainable agricultural growth or property rights. If anything, I think the presenters should have defended their positions and substantiated their arguments more strongly and convincingly. I, for one, would have liked clarification about their position on at least the following two points:

- Whether current policies to support agricultural production involve trade-offs with short-term food security (accepting for a moment that long-term food security is achievable, a contention which is far from proven) and if so how such trade-offs have been and ought to be tackled:
- The scale and extent of problems of land fragmentation, restricted rural labour mobility and urban/industrial labour absorption capacity, as related to food security. In particular, the scope for food security maintenance or improvement via individual land ownership, as opposed to current land tenure arrangements, complemented with common use of scarce resources under differing conditions.

In the absence of any obvious and clear implications for food security, I must say I find Ato Belay and Ato Bevene's focus on only chronic and long-term food insecurity, Ato Dessalegn's generalised picture of a future of doom and food insecurity, and Prof Mesfin's proposition of private land rights as a solution to food security. very hard to accept. As a result, I am inclined to look at the policy prescriptions that emerged from the presentations, however, few of these were, rather lightly. For example, I found Professor Mesfin's argument that farmers would not sell land if granted individual tenure, very tenuous considering that it has historically been the case, in Ethiopia and elsewhere, that farmers faced with extreme hardship have no option but to sell their land. In fact, I see a direct conflict between this argument of Prof. Mesfin's and Ato Dessalegn's

proposition that land fragmentation should be halted by encouraging out-migration and removing the requirements of Peasant Associations (PA) residence for land entitlement. If farmers don't sell their land, as Prof. Mesfin suggests, then the problem of food security will be intensified. Accordingly, the availability of farming systems would be threatened by land fragmentation and population growth. If, on the other hand, farmers do sell their land, then the typical processes of marginalisation of the rural poor, poverty intensification and increased food insecurity could occur. In both cases, the losers are the foodinsecure and I would fail to make a case for private land tenure on grounds of food security or equity. though it may make sense to argue for such tenure on grounds of efficiency or conservation.

A similar confusion seems to cloud the arguments of Ato Dessalegn who assumes that out-migration (to where?) of farmers (all of the rural poor?) from densely populated land scarce areas (my qualification) would be accompanied with increasing employment/income opportunities for these unskilled migrants in a yet to be developed (by the private or public sectors?) industrial sector or in urban areas (no threat to urban food insecurity?). Quite apart from overstating the case for food security outside of the rural sector, Ato. Dessalegn greatly undermines the diversity in farmer and land use conditions, tenure patterns, agricultural potential and resource arrangements prevailing in much of Ethiopia. I do not think anyone would be considered any less an idealist than Ato Dessalegn for assuming that the limits to cultivated area expansion and agricultural intensification have not yet been reached in many areas of Ethiopia; or that organisation of farmer groups for resource sharing and exchange, and improved conservation practices could hinder land fragmentation and improve food security.

Finally, I would like to indicate that a significant body of research is available to show that food security is very closely linked with poverty, that it varies widely in space and time, and that it generally tends to be specific to lower potential, degraded and deforested areas, resource poor and very low income groups. I, therefore, argue for these areas and population groups to be the targets of any strategy seeking to resolve food insecurity in Ethiopia. I think that the regional and household aspects of food security, which are often obscured by a generalised and uniform approach to food security, have considerable bearing on the assessment of the problem and the choice of appropriate and cost- effective interventions given the existing capacities, experiences and constraints of the country. I would urge all to take account of some of these facts in dealing with food security in future.

# How New is the New Extension Strategy?

Zenebework Tadesse

First, I would like to congratulate the Ethiopian Economic Association for providing us with a forum to discuss critical issues of public concern.

The clear message that I got from listening to the presentation of the 'New Extension policy' was that it essentially is premised on the promotion of a package of agricultural technologies namely, chemical fertilizers, improved seeds and pesticides. Moreover, the implementation of this strategy will predominantly be in accessible and relatively well-endowed areas of the country. My question is: what is new about this strategy?

In Ethiopia, enduring features of agricultural development policies and strategies include major shifts almost every decade and a failure to learn from the strengths and weaknesses of past experiences. In the early 1960s, agricultural investment neglected the smallholder sector, the predominant agricultural sector. As a consequence, Ethiopia became a net importer of agricultural produce in the early 1960s. It was only in the late 1960s, that government policy paid some attention towards the promotion of agricultural production with some emphasis on the

production of food crops.

Influenced by the successes of the Green Revolution, the Ministry of Agriculture, with substantive support from multilateral and bilateral agencies, launched regional agricultural development projects in a handful of high-potential agricultural areas of the country. These included the Chilalo Agricultural Development Unit (CADU) which was set up in 1967 with support from the Swedish International Development Agency (SIDA), the Wolayita Agricultural Development Unit (WADU) which was launched in 1970 with support from the World Bank, and the ADA District Development project (ADDP) which was launched in 1972-73 with support from the United States Agency for International Development (USAID).

Of these, the most well-known, generously funded and comprehensive project was CADU. Its major activities included agricultural research, the dissemination of improved seed and fertilizer, improved livestock husbandry and provision of credit and marketing services. It also included the construction of feeder-roads, water supply, afforestation, women's projects and training of project personnel. In the first two phases of its existence, which lasted from 1967-1975, its highly publicized success included identification of high-yielding wheat varities, better animal husbandry practices and a credit and input delivery program which enabled smallholder households to substantially increase the production of staple grain and dairy products.

Located in a region of high population density, the second package program, WADU put special emphasis on population resettlement in addition to the development and diffusion of yield-increasing inputs, provision of credit and marketing of agricultural produce. Being less comprehensive in scope, WADU depended on CADU and other research centers for inputs such as improved seed. The provision of agricultural inputs and marketing services resulted in yield increases in the main crops and increased the volume of marketable crops. In terms of resettlement, the project supported the reorganization of settlement plots for some 700 households and resettled 750 new

households although the plan was to resettle 1,050 new households during 1970-1974.

The third well-known project, ADDP, was located in a district with a very close proximity to the capital city and an area well-endowed for the production of teff, the major staple food in Ethiopia, particularly in urban areas. The major focus of ADDP was the development and diffusion of a package of yieldincreasing inputs and the provision of credit as well as marketing services to smallholder farmers in the area.

The experience of all three projects revealed that one of the major constraints to agricultural production was unfair marketing practices by private traders. Thus, the marketing component of all three projects was aimed at protecting smallholders from unfair advantages made by private traders. The projects would purchase the produce of smallholder at prices higher than local market prices during the harvest season and store these until selling prices are more favourable. However, these three major projects handled less than 5 percent of marketable surplus in their respective operational areas and thus were unable to influence the market. By the late 60's these projects were followed by the comprehensive agricultural development project.

One of the major objectives of the comprehensive agricultural development project was the creation of possibilities for the duplication of the experience gained by CADU elsewhere in Ethiopia. However, in the first phase of its inception, 1967-1970 CADU was found to be too costly and it was concluded that it would not be economically viable to replicate the experience in other parts of Ethiopia. Accordingly, minimum-package programs (MPPs) with a national as opposed to region-specific approach were initiated in 1971. These programs focused on the dissemination of a few proven innovations developed by adaptive research in various centers and comprehensive project areas. The main components of the MPP consisted of the delivery of fertilizer and improved seeds.

Placed under the auspices of a semi-autonomous agency of the Ministry of Agriculture known as the Extension and Project Implementation Department (EPID), the MPPs covered those areas not covered by the regional projects. What was the outcome of these maximum and minimum package programs?

# Lessons from Agricultural Development Projects

Prior to 1974, the most serious obstacle towards increased productivity was the pattern of land ownership. Most of the targeted beneficiaries of the package projects were tenants with no security of tenure. Initially, it was mostly land owners who were the beneficiaries of integrated rural development projects. To benefit the vast majority of smallholders, a land reform program should have preceded the introduction of rural development projects. There were valuable lessons to be drawn from the early attempts to increase smallholder production.

Perhaps the most critical lesson is that in a context of uneven distribution of resources, agricultural projects with emphasis on better agricultural techniques and use of improved seeds and fertilizer will only benefit the well-to-do and relatively better rural areas. This exacerbates regional disparity. Concentrated in a handful of well-endowed and easily accessible regions of the country, the rural development projects failed to reach the vast majority of smallholders especially those in remote and drought-prone areas.

Given the numerous man-made and natural calamities that smallholders have been exposed to since the 1970s and the resultant impoverishment, all indications are that the current strategy will only exacerbate their vulnerability. Just as in the past, the current strategy of diffusion of the technological package is premised on a model farm. From what we were told it will not be the outcome of location-specific adaptive research which is tailored to the problems and requirements of diverse farms and agricultural regions. In the past, one of the major causes of the failure of both the maximum and minimum package programs was the unsustainability of these strategies as most of the inputs were based on import-intensive technologies.

Given the increasing cost of energy-dependent imports, the projects were abandoned. Today, the prices of inputs like fertilizers and pesticides are prohibitive and yet subsidies of these commodities have been terminated. So who are the targets of the new program? What is the implication of having access to a very limited choice of fertilizers? What percentage of the rural producers can afford these prices? What types of appropriate extension inputs have been targeted at poorer rural hoseholds which in this country are the largest segment of the peasantry?

In the presentation, we were not told of alternatives to fertilizer such as the application of green manure or the use of high-yielding, more drought- and disease-tolerant seed varieties instead of pesticides. Does the new extension strategy address the problem of unfair marketing practices? Is it true that smallholders are forced to sell their produce immediately after harvest when the market is glutted with the same crops and thus prices are very low in order to pay for credit?

Another feature of the past and a major causal factor of the failure of the package programs was its being donor-driven, fragmented and unpredictable. Today, the active role played by Sweden in the past has been replaced with a much broader mandate by Sasakawa Global 2000 program. The World Bank has of course become the predominant player in all aspects of agricultural development. The USAID is back and focusing on another region as well as trying to have impact on overall food security strategy. Presently, another significant player is the European Union. Is there any reason for us to believe that the phenomenal increase in donor participation in agricultural policy dialogue and implementation will be beneficial and or sustainable this time around?

What was clear from the presentation on the New Extension Strategy is the lack of attention to the socio-economic condition of resource-poor farmers. What role does the 'new' strategy reserve for the indigenous knowledge of the farmers? What is the link between those who carry out research on farm implements, those who traditionally produce farm implements and extension agents who disseminate appropriate technology? Is there any link between academic

research, applied research and extension function? What is the implication of decentralization on the flow of technologies between agro-ecologically similar regions?

# A Question on Land Policy

### Kifle Wedajo

Ato Dessalegn has described ably and graphically one dimension of the consequences of the rural land nationalization and distribution system that has been in place for some time: excessive fragmentation of usufructory right holdings.

I believe several people who have studied the consequences of the national rural land nationalization policies have reached the same conclusion. reasons for that are obvious. The rural land nationalization proclamation and the subsequent legislation passed to implement it, provide for the distribution, each as one parcel of a fixed size of land -- 20 gashas or about 40 hectares -- among former land owners, tenants and landless peasants who reside on that specific piece of land. This has led to the further parcelling of holdings as dependents of usufructory right land-holding families become cultivators in their own right and stake their own claims. This process of fragmentation is also proceeding in a condition in which population growth continues to be relatively high - a point which Dessalegn has not particularly emphasized.

The comment that I have about Dessalegn's presentation is that he has not pursued further what his analysis suggests, i.e., what should be done to reverse this negative trend?

- One possibilty is rural industrialization. But where is the necessary investment to come from, if agriculture is not providing the surplus?
- Another solution is to change the configuration of the size of the land to be distributed. This could, of course, involve moving people from their areas and

settling them in nearby or remote areas - a process which is fraught with political consequences and administrative complexities, in addition to being expensive.

- A third solution is to allow a policy that could help the diversification of rural economic activities by providing the possibility of employment in nonfarming occupations. Such a diversification can only be possible by allowing the farmers to leave farming and enter into new economic activities, i.e., to be able to sell their land together with what they have invested to improve it and using the proceeds to start another economic activity. The present system does not allow such set-up doing that, thus, leading to the present static rural process - whereas farmers' ability to move into new economic activities would have allowed a dynamic process of diversification.

Would Ato Dessalegn reflect on these and other possible policy changes that might reverse the problem of economic fragmentation and lead to the consolidation of economically viable and productive farm units?

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በመሰረቱ በስብሰባው የነበረው ዋነኛ ጉዳይ፣ ልዩነትና ክርክር ይህንኑ ፖሊሲ የሚመለከት ነበር። በዚህ በኩል ከእርሻ ማኒስቴርና ከኢኮኖማ ልማትና ትብብር ሚኒስቴር ተወካዮች የቀረበው ገለፃ ለእኔ ብዙም አሳሳመነኝም። ዋሽንግተን ውስጥ የዓለም 93719 የአሜሪካ 003907 የማ ያካሃዳቸው ለሦስተኛው ዓለም "ኤክስፕርቶች" ከሚያዘጋጃቸው ኮርሶች አምብዛም የተለዩ አልነበሩም- በኔ ማምት። በአንፃሩ ደግሞ አቶ ደሳለኝ ራህመቶና ፕሮፌሰር ወልደ ማርያም ያቀረባቸው and 43 0 $\pi$ G $\Phi$ G9°C9°C ላይ የተመሰረቱ ትንተናዎች ያገራቱን የምግብ እጥረት ችግር በተሻለ የስትራቴጂ አቅጣጫ የሚያስኬድ ነበር። በርባተ መፍት ኔውን በማ መለከት ሙለ በሙለ ይኸ ነው ብለው ባደቀርበም፣ የችግሩን መንስኤ በመተንተን በኩልና የሚያስፈልገውንም ስትራቴጂ አቅጣጫ በመመተር በኩል የተሻለ አቀራረብና አስተያየት ነበራቸው።

በዚሁ ስብሰባ ላይ የሚኒስቴሮች ተወካዮች ያቀረቡትን ይበልጥ ለማብረራት በዚያው የአቶ ዴሳለኝንና የፕሮፌሰር መስፍንን የትንተና መነሻ ለማፍረስ ብለው አቶ ሙሉጌታ በዛብህ ሁለት ፕያቄዎችን ለአቶ ደሳለኝና ፕሮፌሰር መስፍን ወርውረው መልሱን ሳይጠብቁ ብድግ ብለው እንደወጡ ቀርተዋል። በመሰረቱ ያነሷቸው ጥያቄዎች በርግጥ የሚያወያዩ ነበሩ፣ ሊያስረዱ እንደሞክሩትም ሀሳባቸውን ሰፋ አድርገው በማቅረብ መከራክር ቢችሉ ፕሩ ነበር።

በመሰረቱ ውይይቱ ገና ተጀመረ እንጂ አሳክተመም። በተለይም የምግብ አጥረቱን ለማስቀረትና የመሬት ጥያቄን ለመፍታት ሊኖር የሚገባው ስትራቴጂ መንግስት ከነደሬው ማክሮ-ኢኮኖሚክ ፖሊሲ በተለይም ደግሞ ከዓለም ባንክና አይ.ኤም.ኤፍ ስትራክቸራል አጀስትመንት ፕሮግራም አንፃር እንዴት ሊታይ እንደሚገባው ውይይት መደረግ ይኖረብታል። በተለይም የመሬት የግል ባለንብረትነት ማስፈለጉን የአቀነቀኑት ደሳሰኝና መስፍን የመሬት የግል ባለቤትነት አገሪቱን ለካፒታል አድገት (accumulation) ካላት ችሎታና ሁኔታ አንፃር ትንተና ይመበቅባቸዋል።

# Synopses of Study Papers

As Ebert (1996) noted in the preface to her book "Ludic Feminism", following Foucoult, Lacan, Derrida, and post-structuralist theorists, ludic feminism, including much recent socialist feminism, has articulated the social as discourse/textuality and posited desire/pleasure as the dynamics of the social. In so doing, she argues, it has displaced economics. The synopses below is in line with Ebert's call for the study about economic empowerment of women. "Focus" is looking forward for such short articles.

Constraints to Women Entrepreneurs in the Informal Sector: The Case of Women Traders in Addis Ababa Markets

## Hayat Abdulahi, Department of Economics, Addis Ababa University

Like most other developing countries, Ethiopia is a country where a sizeable proportion of its population lives in absolute poverty. The country is characterized by low economic growth, high population growth, drought, famine, a sharp rise in the level of unemployment, widespread poverty, etc. The most vulnerable groups are also identified to be women, the young and the aged due to their relative weak position.

To cope with this economic and social crisis, the Government of Ethiopia adopted structural adjustment programs (SAPs) aimed at rationalizing fiscal and monetary policies in general and the public sector expenditure in particular. The implementation of SAP at the initial stage led to cuts in government expenditure which adversely affected public employment and social welfare programs. Loss of jobs and reduction of incomes in the formal sector forced wives and daughters to join the informal sector in order to supplement or, at times, even to earn the household income.

Although women account for half of the entire population, they are at the bottom of the ladder in terms of employment, education, and economic status. That means their potential is suppressed owing to some major constraints that hinder their participation in economic activities or deny them access to resources. Access to productive resources is particulcarly acute. This is mainly access to credit. Social and cultural attitudes are also major factors that put women in a secondary status vis-à-vis their male counterparts in social, economic and political life.

Lack of adequate level of education and training is another factor which contributes to the discrimination of women in the society. According to World Development Report 1994, only 21% of females are enrolled in primary school, 11% in secondary school and 1% in tertiary levels in Ethiopia.

Under this dim socio-economic scenario, the majority of the female labor force tend to be concentrated in the informal micro enterprises which are less capital intensive and do not require any sophisticated skills acquired through formal education. Moreover, they offer greater flexibility in terms of time management to harmonize household activities with that of petty trading. This is the motivation for investigating women in the informal sector of Addis Ababa.

The data used in this study are drawn from the "Women Informal Traders Survey" in Addis Ababa which was undertaken by the writer. The survey covered 300 women informal traders in six markets within Addis Ababa.

The survey results revealed that the majority of women informal sector entrepreneurs concentrate on selling food items such as vegetables, fruits, and cereals. This is due to the fact that such activities do not require much capital and skill. These entrepreneurs have no or little education. The majority of women entrepreneurs in the informal sector come from low income groups of the society and join the informal sector as a means of survival. The study identified lack of adequate capital as the major constraint faced by women entrepreneurs. Moreover, the empirical analysis revealed that the size of the start-up capital has a positive and very significant effect on the earning of women entrepreneurs.

The study found that own saving is the most important source of start-up capital. None of them had access to loan facilities from formal financial institutions. Thus, in order to improve access to credit for women entrepreneurs,

- i. the government needs to work with financial institutions in addressing the barriers that limit women's access to credit. It can also design appropriate meanses of channeling resources to women entrepreneurs through selected government institutions, non-governmental organizations(NGOs) and endogenous credit institutions.
- financial institutions should revise their policies and institute policies that enable the poor, especially women, to benefit from their services. Such policies must seek to reduce the obstacles to women borrowers.

However, credit by itself is not enough to help women achieve higher productivity. It should be complemented by other forms of support such as marketing facilities, extension advice and regular monitoring of their activities.

The other constraint identified in the study is lack of convenient working place. Working under such environment usually entails harassment from the police since the informal sector participants are considered as "illegal". This implies high risk and uncertainty of earnings. It is, therefore, highly recommended that the government provide women entrepreneurs with official premises to conduct their business which would do away with the harassment that always characterizes informal business activities. Moreover, the government should recognize the informal sector and register the participants, and if they meet the bare minimum legal requirement, it can issue them licenses at minimum fee. Recognition of the sector could facilitate access to credit from financial institutions Thus, they could also be a source of income to the government in terms of license fees, registration fee, etc.

The study also noted the important role of NGOs in providing financial assistance (start-up capital) to women entreprenuers. The government can facilitate the activities of such NGOs by creating a conducive policy environment.

Generally, policy intervention to assist women entrepreneurs is both urgent and critical. Nevertheless, their implementation will largely depend upon the concerned efforts of government and NGOs in the country.

# **Economic Information**

## Ethiopian Investment: Structure and Performance

By Seid Nuru

Let me first congratulate the Ethiopian Economic Association for launching "Economic Focus" as a conduit through which economics professionals, policy makers, the private sector, and citizens in general can engage in an open and constructive dialogue on issues related to the Ethiopian economy. I am submitting this short essay on investment as a gesture of encouragement to the Association and to supply some basic information on the issue for further discussion among fellow professionals.

There is no strong counter argument against the importance of capital formation for economic growth. In this connection, investment, which is the flow of output to increase or maintain the capital stock of a given economy, is the key to capital formation.

Different strategies with their own elaborate justifications have been adopted by different countries to achieve a high level of capital formation, ranging from complete reliance on market incentives to fully state owned and directed investment strategies. The latter have particularly achieved prominence in developing countries since the 1950s justified by the supposed achievement of high levels of capital formation in the former USSR following their socialist revolution only to be discredited after the collapse of the state that has pioneered it in the late 1980s.

As is well known, Ethiopia's disastrous experience with state socialism and its attendant investment strategy ended in 1990. The new economic policy declared a market-led development strategy with the (domestic and foreign) private sector as the main source of investment and the market as its primary

allocator. Accordingly, the development strategy puts a lot of faith in both the private sector in supplying investible resources and the market in efficiently allocating them. Although it is still a bit early to provide any conclusive judgment about the performance of this investment strategy, I think it is a worthwhile effort to initiate a preliminary discussion on the topic. This short comment is designed to provide an overview of the size and ownership structure of investment in Ethiopia for the past five years in order to initiate a wider and more informed discussion on this rather important aspect of the Ethiopian economy.

According to data from the Ethiopian Investment Office, private investment projects approved in Ethiopia reached a total capital of Birr 27.4 billion between July 1992 and July 7, 1997. The number of projects approved is 3,531, and if these projects were fully implemented, there would be job opportunity for 215,216 individuals.

Out of the total investment projects approved, the manufacturing sector accounts for 41% of the total number of projects and 35.8% of the total capital. This is followed by the agricultural sector, accounting for 28.4% of the total number of projects and 21.5% of the total capital investment approved.

Out of the total investment projects approved, 63 are foreign direct investment. Most of these projects are licensed on joint venture basis. The projects have a total capital of Birr 4.04 billion, that is 14.7% of the total investment.

When we look at the regional distribution of investment, Addis Ababa accounts for 48.8% of the total capital or Birr 13.37 billion for the past six years. It is followed by Amhara, Oromiya and Tigray with a capital of Birr 3.7 billion, 3.5 billion and 3.3 billion, with a corresponding share of 13.55%, 12.85% and 12.16%, respectively. Investment in the Amhara region has shown a leap in 1997 from a total capital of Birr 1.22 billion in 1996 to Birr 3.7 billion owing partly to the ALMESH crop production project in upper Beles with investment capital of Birr 1.16 billion. The investment capital of Addis Ababa, Tigray and Oromiya in 1996 was Birr 10.75 billion, 3.24

billion, and 3.1 billion, respectively. Regions with the least performance in investment for the past six years are Gambella, Somali, and Dire Dawa with a share of 0.1%, 0.47%, and 0.52% of the total investment respectively. (Parlama, Vol.2, No.3, p.6.)

Given this general trend, it is fruitful to look at the pattern of investment for the past six years in relation to overall magnitude, ownership structure and regional distribution in greater detail.

Table 1: Investment Projects Approved from July 1992 to July 1997

Sector	No of projects	% of No of projects	Investment sapital(000Birr)	% of investment capital	Employmen
Agriculture	1002	28.38	5880663.9	21.45	76266
Fishing	4	0.11	4854.8	0.02	483
Mining & quarrying	21	0.60	384566.9	1.4	1425
Manufacturing	1451	41.09	9801519	35.75	65186
Construction	97	2.75	3719275.3	13,57	26592
Real Estate	310	8.75	.3153490	11.50	7624
Trade	122	3.46	392896.5	1.43	5494
Hotel & Tourism	300	8.50	1563665.5	5.70	12733
Transport	32	0.91	1230981.6	4.49	6629
Education	61	1.73	283260.8	1.3	3564
Banking & Insu.	11	0.31	312330	1.14	321
Health	55	1.56	441389.3	1.61	3608
Other Business Sectors	65	1.84	249491.2	0.91	5291
Total	3531	100	27418384.8	100	215216

Source: Ethiopian Investment Authority

The total investment capital of Birr 27.4 billion (which averages about 672 million U.S. dollars per year) may not show sound performance when one considers the six-year period. But one must consider the fact that the first 2-3 years were lost during the transition and that it is a significant improvement over the previous years. A more serious problem in relation to overall investment is the question of the implementation of the projects. Out of the total investment projects approved, only projects with 17.4% of the capital have started production and those with a capital of 12.8% are in the implementation phase, and the rest are in the pre-implementation phase. In other words, the total domestic and foreign investment we have really attracted is no more than 203 million dollars a year. The other point worth mentioning is the share of indigenous entrepreneurs in the total investment. To this effect, the pattern of Ethiopian investment shows a concentration of investment assets in the hands of a few individuals. A good example for this assertion is the case of MIDROC Ethiopia. This company has a significant share in both new investment and acquisition of public enterprises through the privatization program. MIDROC has a share of 69% of the capital of total foreign investment and 10.2% of the capital of the total investment of the country until July 1997. In relation to regions, MIDROC accounts for 45.1%, 34.1%, 11.4% of the capital of the total investment of Afar, Amhara, the South and Oromiya regions, respectively.

Table 2: Regional Distribution of InvestmentPprojects Approved
(July 1992-1997)

Regions	No of projects	Investment capital	% of investment capital	Employment
Tigray	349	3,332,760.6	12.16	15,374
Afar	64	1,095,220.0	3.99	4,893
Amhara	312	3,716,137.6	13.55	32,214
Oromiya	774	3,523,485.0	12.85	39,216.
Somali	10	127,835.4	0.47	683
Benishangul-Gumuz	37	362.283.5	1.32	3,645
SENNP	312	1.351,280.1	4.93	24,201
Gambella	8	28,360.0	0.10	669
Harari	88	364,257.8	1.33	4318
Addis Ababa	1526	13,374,473.5	48.48	88,482
Dire Dawa	51	142,290.9	0.52	1521
Total	3531	27,418,384.8		

Source: Ethiopian Investment Authority

In the acquisition of public enterprises, MIDROC accounts for a significant part of the total transaction. The gold mine alone (which is acquired for USD 172 million) is worth about 70% of the total sale value of the transactions made up to

now. The values of Pepsi-Cola, the meat processing plants currently under process and other minor acquisitions would push this ratio to a significantly higher level.

Table 3 Foreign Investment and Share of MIDROC (July1992-July1997)

Region	Fore	ign investment	Foreign o	over Total	MIDROC's investment	MIDROC over Foreign	MIDRCO over Total
Tigray	111	3602	0.11		+	#2	9
Afar	3	494376.2	45.1	3	494376.2	100	45.1
Amhara	3	1452435	39.1	2	1265700	87.1	34.1
Oromiya	11	456951,9	13.0	1	354,100	-75.5	9.8
Somali	a	-	+	i i i	+	+:	-
Benishangul- Gumuz	8	-	*	+:	-	¥	2
SENNP	38	175196.5	2	2	153422	93.4	11.4
Gambella	-		<u> </u>				
Harari	Ğ.	-	2				27
Addis Ahaha	42	1457050.3	7	. 7	530907.7	36,4	4
Dire Dawa	3	ia .	-	+:	·		) H
Ethiopia	63	4039611.9	15	15	2789505.9	69	10.2

Source: Computed from the data obtained from Ethiopian Investment Authority.

The issue here is not to discredit or raise issues about MIDROC's effort. Although I know very little about the overall strategic objective of the company, I actually appreciate its commitment for development and generally believe that its contributions are positive. What is more troubling and what needs to be investigated further is the

seeming absence of visible participation from other investors, particularly domestic entrepreneurs. This raises a number of questions for future public discussion. What explains this lack of participation? Is it the mere shortage of investible capital from the local private sector or are there other constraints? If the former, should privatization aim at finding

modalities that will alleviate some of these problems or should it just be left for the market? What should be the role of the state in all these?...etc.

The other issue that clearly comes out from the data is the highly skewed nature of investment distribution among regions. This is also a potentially worrisome problem which its causes need to be identified and openly debated and a workable strategy for a more even distribution devised. The importance of rapid economic growth distributed more evenly in all regions for our economy and society cannot be overstated.

This year the House of People's Representatives of Ethiopia is expected to ratify bills on micro enterprises, small private owners, new investment codes and financial issues. Let us hope that these revisions and establishments would change the current investment pattern and trend. But these issues should not be left to politicians alone. It is the responsibility of all citizens in general and economic professionals in particular to publicly debate these issues and participate in an open and constructive dialogue with policy makers if we are to meet our professional obligations and realize our hope of seeing a more peaceful and prosperous Ethiopia at least for our children. In this regard, I must emphasize that the launching of "Economic Focus" is very timely and serves as an important vehicle for beoadening this much needed dialogue.

# Major Economic NEWS in the Last Two Months

In this column we present major economic NEWS in the past two months. We highly encourage members' (professional) analysis and commentary on the NEWS.

#### General

The Federal Revenue Board says governmental development organisations are in arrears with 1.8 billion Birr. (The Ethiopian Herald, Vol. LIV, 45, Nov. 2, 1997).

Ethiopian economic growth is estimated not to exceed 4% percent during 1989 E.C. due to the effect of the ElNino, a senior government official in the Prime Minister's Office has disclosed. (The Ethiopian Herald, Vol. LIV, 86, Dec. 20, 1997).

The total central (federal) government spending plan for the current fiscal year of 1997/98 (E.F.Y 1990) is a little over 3 billion Birr, registering an increase of about 15 percent (400 million Birr)

over the budget for the previous fiscal year of 1996/97 (E.F.Y. 1989). (Add 5 Tribune, 271, Dec. 12, 1997).

Mr. Alassane D. Vatara, the Deputy Managing Director of the International Monetary Fund (IMF), visited Ethiopia from Dec. 18 to 21 at the invitation of the Ethiopian government at a time when the relationship between Ethiopia and the IMF is sour. Extended Structural Adjustment Facility (ESAF) to Ethiopia, which fell due in mid-October 1997, was suspended owing to disagreements between Ethiopian authorities and the IMF over the implementation of economic reforms on which the IMF assistance package was conditional. (Addis Tribune, 272, Dec. 19, 1997).

#### External Sector

#### Assistance

On Monday, 15 December, the United States granted Ethiopia 174,000 US Dollars that will go towards financing a feasibility study for an asphalt processing facility near Addis Ababa. The 174,000 US Dollar grant provided by the US Trade and Development Agency (TDA) will cover partially the cost of the feasibility study, amounting to 231,000 US Dollars. The remaining 57,000 dollars will be contributed by Tero Tek Industries, PLC on Ethiopian Economy. (Addis Tribune, 272, Dec. 19, 1997).

A grant agreement was signed here on December 18, 1997 between the government of Ethiopia, represented by His Excellency Girma Birru, Minister of Economic Development and Cooperation, and the government of Sweden represented by His Excellency Mr. Pierre Schori, Deputy Minister of Foreign Affairs and Minister of International Development Cooperation. The 8.2 million US Dollar Grant is to support the education sector development program. (Addis Tribune, 272, Dec. 19, 1997).

France delivered four locomotives to the Ethio-Djibouti Railway Company on Wednesday, 17 December. The locomotives, each with a 1,200 horse power capacity, are financed by the Cassie Francaise de Development, CFD (French Development Fund). (Addis Tribune, 272, Dec. 19, 1997).

Two specific agreed minutes and two implementation grant agreements amounting to 39.5 million Birr (5.8 million Dollars) were signed on 27 November between the government of Ethiopia and Italy at a ceremony held at the Ministry of Economic Development and Cooperation (MEDaC). (Addis Tribune, 269, Nov. 28, 1997).

The government of Japan contributed 250,000 Dollars to the United Nations Trust Fund for African Development (The Ethiopian Herald,

Vol. LIV, 80, Dec. 13, 1997).

On 28 November, Ethiopia appealed for assistance to the International Community to donate 572,835 metic tonnes of food. According to the Disaster Prevention Preparedness Commission (DPPC) 4,262,515 million people are in need of immediate food assistance. (Addis Tribune, 270, Dec. 5, 1997).

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#### Trade

Ethiopia decided that Ethiopian-Eritrean trade relations be conducted in foreign currency. The final decision which came after prolonged discussions between the two countries was that any export-import trade between the two countries should be conducted in dollars and other legal currencies recognized in world trade. (The Reporter, Vol. 11, 64, No. 26, 1997)

A Kuwaiti investor has expressed desire to import about 12 million sheep from Ethiopia each year, a senior government official disclosed. (The Ethiopian Herald, Vol. LIV, 47, Nov. 5, 1997).

A joint session was held on Monday, December 15 between members of the Chamber of Commerce and a high level Turkish deligates. They discussed the issue of future promotion of trade and investment opportunities in the two countries. (Addis Tribune, 272, Dec. 19, 1997)

Prices of petrol and diesel were substantially reduced in Ethiopia due to a relative decrease in the world oil market during the last six months. (Addis Tribune, 266, Nov. 7, 1997).

The Council of Ministers approved an agreement between the government of Ethiopia and Italy enabling to avoid double taxation and prevent unwillingness to pay taxes.

(The Ethiopian Herald, Vol. LIV, 74, Dec. 6, 1997).

#### Credit

On December 11, 1997, the soft loan affiliate of the World Bank, IDA, approved a credit equivalent to 200 US Dollar (or about 1.4 billion Birr at the current marginal rate) for the development of the energy sector in Ethiopia. (Addis Tribune, 272, Dec. 19, 1997)

An official of the Ministry of Economic Development and Cooperation says that the African Development Bank has allocated 180 million dollars to the socio-economic projects Ethiopia carries out. (The Ethiopian Herald, Vol. LIV, 49, Nov. 7, 1997).

#### Socio-economic

Study has revealed that close to five million children in Ethiopia live in an extremely difficult condition owing to pressing socio-economic problems. (The Ethiopian Herald, Vol. LIV, 74, Dec. 6, 1997).

A study carried out by the UN Fund for Population Activities (UNFPA) revealed that natural resource degradation precipitated by the ever increasing population has more adverse consequences on women than men. (The Ethiopian Herald, Vol. LIV, 49, Nov. 7, 1997).

Food shortages continue to grip 18 African countries because of adverse weather, civil strife and economic reforms, the UN Food and Agriculture Organization (FAO) said. (The <a href="Ethiopian Herald">Ethiopian Herald</a>, Vol. LIV, 56, No. 15, 1997).

Minister of Labour and Social Affairs, Ato Hassan Abdella, disclosed that a draft national employment policy has already been prepared with a view to tackling unemployment problems facing the country. (The Ethiopian Herald, Vol.

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LIV, 82, Dec. 16, 1997).

## Agriculture

The Ethiopian Grain Trade Enterprise said that it has enough stock to stabilize the rise in grain price that may result from damage to this season's harvest due to the untimely rains. (The Ethiopian Herald, Vol. LIV, 74, Dec. 6, 1997).

The socio-economic survey conducted by the Food Security and Sustainable Development Division under UNECA that covered Afar, Amhara, Benshangul Gumuz, Gambella, Tigray and Southern region, and a total of 1400 extension agents and rural development assistants revealed that awareness of the causes for environmental degradation is low while the environmental condition is getting worse. (The Reporter, Vol. II, 68, Dec. 24 1997).

The ElNino weather pattern prevailing over the country has wrought havoc on the country's coffee crop, reducing 1997/98 production by at least 20 percent. (Addis Tribune, 271, Dec. 12, 1997).

The current untimely rain is expected to worsen the food shortage of the country right up to the end of next year, the Disaster Prevention and Preparedness Commission (DPPC) announced. (The Reporter, Vol 11, 61, Nov. 5, 1997).

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The Disaster Prevention and Preparedness Commission said it had received over 1.2 million quintals of emergency relief food from donors community in response to its call made in December last year. (The Reporter, Vol. II 67, Dec. 17 1997).

\*\*\*\*

A food donation agreement amounting to 12,500 MT was signed between Canada and the government of Ethiopia at the Disaster Prevention and Preparedness Commission. (The Ethiopian Herald, Vol LIV, 72, Dec. 4, 1997).

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#### Investment

The Ethiopian parliament convened on 30, October 1997 to approve a 24.33 million supplementary budget for the purchase of an office building for Ethiopia's permanent envoy in New York. The supplementary budget was appropriated through a proclamation. Funding

for the purchase is to come from recurrent budget transfers and revenue from rent. A case was made for passing the supplementary budget on the argument that current expenses in foreign exchange for office space in New York are high and that the purchase would bring about a considerable saving in the long term. (The Ethiopian Herald, 31, October, 1997 and Addis Tribune, 267, Nov. 14, 1997).

The Ethiopian Investment Authority said the country's investment code will be revised in a bid to make the country more attractive for both domestic and foreign investment. (The Reporter, Vol. 11, 63, Nov. 19, 1997).

"The Ethiopian Journal of Economics"

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ይህን መጽጌት "ልሳን ኢኮኖሚክስ" ብለን ስንሰይመው። ከቀረቡልን አደሌ ስያሚዎች ቀለል ያለውንና ቀጥታ የሆነውን መምረጥ ይሻላል በሚል ነው። የእንግሊዝኛውን "Bulletin of Economic Focus" ቃል በቃል ይተካል የሚል የዋህነት የለንም። ደንን ለማድረግ መጣር ማለት መለስተኛ ዕረፍተ ነገር መፃፍ ሊሆንብን ሆነ። የግድስ እንግሊዝኛውን የሚያክል ቃል-በቃል የሆነ ትርጉም መገኘት አለበት ወደ ብለን ለመጠየቅም ተገደናል። "ልሳን" በግዕዝ ሲሆን፣ የቁም ትርጉሙ "ምላስ" "ባለት ነው። ሌላው፣ አብይ ትርጉሙ፣ አማርኛውም ወስዶ የሚገለገልበት። "ቲንቲ"፣ "ድምጽ" የሚለው ነው። እኛም ስንገለገልበት በዚህ በሁለተኛው "ድምጽ" በሚለው ፍቸውነው። "ልሳን ኢኮኖሚክስ" ስንልም፣ ስለኢኮኖሚክስና ተጋዳኝ ነገረ ትምህርቶች። ስለሙያው፣ ባለሙያዎች የራሳቸውን ድምጽ አሰምተው፣ ሌሎችም ድምጻቸውን እንዲያስሙ የሚያስችል መድረክ ከማለት ውጭ ሌላ ጣጣ የለበትም። በመጽጌቱ ውስጥ የሚሰፍሩት ሀሳቦች፣ የሚሰንዘሩት መላዎች፣ ማጠንጠኛቸው፣ ትኩረታቸው በኢኮኖሚክስ ጉዳይ ላይ ስለሆነ፣ የእንግሊችኛውን "focus" በአማርኛ ለመተካት አላማጥንም፣ ማጣጡንም አስፈላጊ ሆኖ አላግኘነውም። የትኩረት" ጽንስ ሀሳብ ከግብሩ ይሥረጽ ብለን ትተነዋል። ልሳን ኢኮኖሚክስ፣ ስለኢኮኖሚክስ በትኩረት የምንወያይበት መድረክ! ይኽው ነው።

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