

# **NECESSITY AND NEGLECT: LOCAL ORGANIZATIONS AND RURAL DEVELOPMENT IN ETHIOPIA**

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## **1. INTRODUCTION**

Experience shows that rural development in general requires a concerted effort in which the establishment of viable and capable rural institutions is a necessity. The major tasks of these institutions include service provision, resource mobilization, facilitating popular participation and representation, resource management, local administration and other complementary services. These rural institutions include both indigenous local membership organizations as well as those government-initiated and sponsored and government controlled ones.

Ethiopian development badly requires such rural institutions with the above important functions. Both the government development strategies and the reality of the countryside exhibit such a critical need of rural institutions. However, the task of establishing and maintaining such institutions has not been given enough attention. Since long time, we have a number of important indigenous rural institutions which have been playing important roles in the lives of the rural people. These include institutions like *mahiber*, *iddir*, *iqub*, *debo* and they are autonomous membership organizations. Since the 1960s, new, modern types of rural organizations such as cooperatives and peasant associations have also been introduced. However, while Ethiopia's indigenous rural organizations were totally neglected by the government, the state-initiated and state-controlled ones have been grossly mismanaged and abused.

Currently, the institutional gap remains wider both to implement the government development policies and to meet the needs of the rural people. This paper is an attempt to assess the need for the rural local organizations for the country's rural development and to examine the past experience and present conditions of such vital institutions. It largely draws on the author's

previous works on the subject and empirical examples collected from his fieldwork particularly in the northwestern part of Ethiopia, the Amhara Region.

## **2. THE ROLE OF RURAL INSTITUTIONS IN RURAL DEVELOPMENT: THEORETICAL ORIENTATION**

The institutional aspect of rural development especially at the local level has long been a critical element in development strategies. This is as a result of both the failure of the top-down approach to development and the strong belief in the determining role of the rural people themselves in the development process. This has led to the need for the establishment of adequate local institutions for the articulation of the needs of the local people, mobilization and management of resources, and for the provision of services.

It was argued that rural development requires institution building which will provide the peasants with more adequate institutional structures (Esman and Uphoff 1984). As a World Bank (1993) study on African countries' rural organizations pointed out, the ambitious development goals of developing countries with a predominantly agricultural economy needed well-functioning rural organizational systems capable of providing the different services to the farmers. These services include farm input distribution and marketing, output processing and marketing, financial services and others. Leonard and Marshall (1982) also emphasized that those strategies which best promote agricultural development made very intensive demands on local organizations. They argued that smallholder agriculture requires decentralization of its economic infrastructure and the tremendous variations in the social, economic and ecological conditions of such a sector makes flexibility and speed of response essential to organizational efficiency. This, in turn, requires decentralization of decisions and services.

The role of rural organizations in rural development is crucial and includes a) resource mobilization, b) resource management, c) service provision, d) information exchange, e) enhancing popular participation, protecting peasant interest and enhancing their claim-making power.

a) Governments of developing nations generally lack resources for rural development. This is also aggravated by their urban-biased resource allocation patterns. Organized rural publics can mobilize considerable amount of materials, money, labor, and even managerial skills. So, governments can multiply resources they allocate to rural development by working through local organizations that have sufficient membership. These organizations can also acquire resources from outside sources like from

development agencies which otherwise will not be accessible by governments or individuals.

b) Rural organizations can keep track of funds, collect loans, maintain buildings and equipment, operate irrigation structures, repair roads, manage other services like schools, kindergartens, health institutions and others. They can also manage natural resources like water, forests, soil, etc.

c) Well-organized and managed rural organizations can provide very necessary services adequately and efficiently. These services include input supply, output marketing, storage, credit provision, health, education, flour mills, and others. Under inadequate and highly bureaucratic government administration, very high market prices, distant markets with difficult access, and other adverse conditions, the rural poor do not get the services they require. Rural organizations have many advantages in this respect: they know the real needs of members, they are less bureaucratic and more controllable, they can provide services on time and at lesser prices, they elicit member commitment and concern.

d) Rural development planning and implementation requires the participation of the rural people. It is wastage of resources and services that are provided by the government to the rural people unless they are relevant to the needs of those beneficiaries. Rural development projects should be based on the needs, priorities and capabilities of the rural people. Rural local organizations can be important and reliable sources of information as they know well their members' needs and resources. In such a way they can facilitate planning, service delivery, and serve as feedback channels to governments and other agencies. Rural organizations can also provide opportunities for group communication in such scattered rural settlements with difficult accesses.

e) Sustainable rural development can only be realized when peasants are real beneficiaries of those development programs and projects. For this, peasants, like professionals, industrial labor, and other sections of the society require a representative organ which can defend their interests and enhance their claim-making powers. Unorganized rural poor do not have important bargaining power to withstand both government and bureaucratic influences as well as exploitative private interests. Democratization process requires the participation of the majority of citizens, the rural people, in the development process and this can only be realistic through rural representative organizations.

However, the experience of developing countries in establishing and managing those formal rural organizations, such as cooperatives, has not

been encouraging. For instance, a review of the studies on the performance and prospects of agricultural cooperatives in developing countries (Yigremew 1996) showed that regardless of longevity and widespread existence of such rural organizations, they failed to live up to expectations. Their performance was found to be disappointing; they could not help increase production, could not reduce poverty and inequality, did not foster self-reliance, and failed to develop into viable and self-managing institutions capable of extending sustainable services to their members.

The causes of their failures were many and internal as well as external. The most common problems were, however, lack of appropriate legal and policy frameworks and undue government interference and control. Peasant's domination by outsiders has led to development of underdog feelings and lack of incentives, massive and hasty establishment of such organizations by government fiat, extractive policies, involuntary and coercive membership, the paternalistic tendencies of government authorities, misuse by government officials, were among those problems of such rural organizations. Internally, such rural organizations lacked financial and material resources as well as managerial capacity.

From the point of view of their roles in economic development, indigenous organizations were also criticized for having a number of limitations. The author once noted that "... in orthodox development thinking, these [indigenous] institutions are characterized as traditional and as not development-oriented, conservative, elite-dominated, not participatory, and not suitable for dynamic development activities (Yigremew 1998:7). This is, however, a kind of attitude based on ethnocentric assumptions. Development is not only in economic terms and even in such areas of economic development indigenous organizations do play important roles (see Yigremew 1998). However, it can be argued that regardless of all their merits of sustainability, resilience and adaptation, such institutions may lack the necessary resources and managerial capacity to undertake significant development activities. This entails not disregard but the necessary support to enable them undertake new developmental tasks.

### **3. RURAL ORGANIZATIONS IN ETHIOPIA**

From the country's past experience and from the point of view of their functions, Ethiopian rural organizations can be grouped into two broad categories: (a) those introduced by governments since the 1960s as rural development initiatives namely, agricultural cooperatives and peasant associations (PAs) and, b) those indigenous, community-based organizations

government functions like collection of obligatory grain quota and obligatory contributions; government and party control have created corrupt and unscrupulous leadership, unaccountable and unresponsive to the demands and needs of the peasants; they had anomalous structure with cumbersome leadership and a number of committees, and no higher level organ to assist; and lack of the necessary linkages from the government.

In general, ASCs were created and used by the government to implement its unpopular policies. They were transient and instrumental institutions used to achieve the objective of collectivization (wrongly identified as production cooperatives). In such a way, they lost all their power to decide and to act, they had become field agents of the government, they were used to extract resources from the peasantry. As such there was no genuine cooperative movement in Ethiopia and the so-called 'failure of cooperatives' was rather failure of such high-handed government policies. So, with such instrumental role, they became unpopular among their members. As a result, peasants lost interest in these institutions and they became moribund since the government policies shifted from agrarian socialism to mixed economy in 1990.

### **3.2. Peasant Associations (PAs)**

Peasant Associations (PAs) were introduced in Ethiopia by the Derg government as one of the radical measures of its rural land reform efforts. The 1975 Public Ownership of Rural Land Proclamation No. 31/1975, provided the establishment of PAs at the *Kebele*, *Woreda* and *Awraja* administrative levels. The rationale was that such radical agrarian reform had made it indispensable to the active participation of the peasantry who were deemed to be primary beneficiaries of such change. Distribution of land, administration and conservation of public property, rendering judicial services, establishment of different cooperatives, building of schools, clinics and similar institutions were among the primary functions assigned to PAs. Subsequent legislations were issued which enlarged the powers, functions and organizational levels of PAs. For instance, by late 1975, they were granted legal personality, power to safeguard and administer themselves as well as the duty of establishing defense squads. By 1976, they were assigned the responsibility of rural tax collection, and by 1977, policy was given to provide for the organization of PAs at national level. By 1975/76, there were 15,989 PAs established throughout the country having 4,550,918 members. After four years, by 1989/90, the figure increased to 23,506 PAs and 7,049, 209 members (Yigremew 1990).

At the beginning, PAs were democratic and representative local organizations with their general assembly as supreme body. Of course, PAs were not membership organizations in the true sense of the term. Membership was area-based and their functions were governmental rather than that of an association. In addition, they had no real decision-making power. So they were neither local government nor membership organizations. They functioned as field agents and hence they were a kind of *local administrative units*.

Although, at the beginning, they were effective local organizations in mobilizing peasants and successfully accomplishing the land reform, the system could not let them develop as genuine peasant institutions. Gradually, they lost their democratic features, their representative character and the hope of peasant emancipation disappeared. The military government took total control of these institutions and they became mere extension of the bureaucracy and functionaries of the political party. Elections for leadership were carefully prescribed, irregular, and candidates were hand-picked. The criteria became political affiliation and leaders were made accountable to the political cadres rather than the electorate. They were effectively incorporated into the political system. Widespread corruption and embezzlement as well as abuse of power became common among PA leadership. Members lost hope, interest and became indifferent.

The most serious causes of the alienation of PAs from member peasants were their involvement in the implementation of the government's unpopular policies which were highly resented by the peasants: delivery of grain quota, resettlement and villagization programs, obligatory military recruitment, collection of various contributions and others.

All the above problems have contributed to the discredit of PAs by the peasantry. By the time the military government was overthrown, PAs were already unpopular and unwanted institutions among the rural society. Then, they became extinct with other similar structures when the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) took power and dismissed them by a radio announcement alleged as creations of the Derg and its political party.

### **3.3. Indigenous Rural Organizations**

Ethiopian rural society is endowed with a variety of important traditional institutions. These institutions are of different kinds with distinct purposes, functions, membership, etc. Some are socio-religious and self-help associations like *mahiber*, *sembete*, *iddir*, others are a kind of labor-sharing like *debo*, *wonfel*, *jige*; still others are more engaged in keeping harmonious

social relations and solidarity, like community elders councils; some are more economic ones like *iqub*. However, as the rural societies themselves, these organizations are very dynamic, diverse and complex. These indigenous rural organizations have important roles to play in peasant survival in general and in food security and resource management in particular.

*Iddir*, for instance, which traditionally meant a burial association and widespread in the country is now playing other economic roles like provision of credit services. *Mahiber* is another indigenous organization which was primarily engaged in fostering solidarity and enjoying some feast on a patron saint's day, but now it is playing important roles in the areas of conflict resolution, sharing of information and exchange of views, resource management, and in some forms of assistance to needy members. *Iqub* is a very important economic institution. It is a saving and credit institution where members regularly contribute some money and each member in his turn takes the whole amount collected in that round. The process continues until all members take such collected money in each round. It is a principal source of capital for small traders in cities and for alleviating personal problems for the needy members. These days *Iqub* has also become a rural phenomenon. This institution is a very important mechanism of resource mobilization, employment creation, and poverty reduction at large. *Debo* is a traditional self-help institution whose main activity is labor-sharing among members. This is mainly a rural institution where people cooperate with each other in difficult and seasonal activities such as ploughing, harvesting, weeding, housing, and others. The work is performed according to urgency and priority. This labor-sharing institution has a special significance for food production in our environment with such a fragile agro-ecology.

Past experience in terms of Ethiopian governments' policies and linkages, (control and assistance), to these indigenous organizations is that there was no any deliberate effort to strengthen them. Even sometimes there was a hostile attitude considering these institutions as hosts of some anti-government policy elements (see Yigremew 1997; Bekalu 1997).

#### **4. THE CURRENT SITUATION AND THE CRITICAL NEED FOR REVITALIZING RURAL INSTITUTIONS**

There is an appalling rural poverty in this country. A reference to the Ethiopian peasants' access to critical resources as oxen, land and capital will show such a situation of rural poverty.

## Necessity and Neglect: Local Organizations and Rural Development

**Table 1. Distribution of Total Number of Households (HHs) and Crop Area 1996/97**

Size of crop area hectare (ha)	No. of HH (in '000)	Cumulative % of HH	Total crop area (in '000 ha)	Cumulative % of crop area	Average crop area per HH (ha)
< 0.1	514.01	5.92	30.10	0.34	0.06
0.1 - 0.5	2637.80	36.30	787.20	9.27	0.30
0.51 - 1.00	2260.99	62.34	1664.47	28.13	0.74
1.01 - 2.00	2159.15	87.21	3073.89	62.96	1.42
2.01 - 5.00	1059.22	99.41	2950.66	96.40	2.79
5.01 - 10.00	48.75	99.97	288.82	99.67	5.92
Total	8682.13		8825.06		1.02

Source: Computed from CSA, 1998 figures.

As it can be observed from Table 1, the average size of peasant farms with an average family size of 5 persons is about 1 hectare, 36.3% of the total farming households have 0.5 or less hectares of farmland and together 62.34 % own 1.0 or less hectares of land. Diminution of holdings has many implications for agricultural development. One serious concern with this phenomenon is that given the level of farming technology in this country, peasants with such small holdings will not be able to produce enough food surplus for the market or even for their families. Research has revealed that "Given the average farm size of about one hectare for a family with approximately 5 persons, cereal yields in the range ... (800 to 1300 kilograms per hectare, with the exception of maize) are, at best, barely adequate for feeding household members" (Mulat et al., 1998:5). As Table 1 shows, this situation corresponds to about 62 per cent of the rural households.

Dessalegn's (1997) figures in relation to oxen ownership by the 9.5 million estimated rural households show that about 30 per cent of these households have no oxen at all, and 27 per cent have only one ox. That means about 57 per cent of the peasant households have one or less ox.

**Table 2. Oxen Ownership of Rural Households**

Oxen owned	HH (million)	Per cent	Cumulative percentage
none	2.8	30	30
one ox	2.6	27	57
2 oxen	2.5	26	83
> 2 oxen	1.5	16	16

Source: Based on Dessalegn (1997).



The author's experience in the conditions of the rural poor shows more alarming conditions. In a fieldwork in 1999, in two rural communities in West Gojjam, a total of 92 rural men and women who were granted land during the Amhara Region 1996/97 land redistribution were interviewed. As shown below, (Table 3), nearly 60 % of those randomly selected peasants have no oxen. The figure for the women is about 91%.

**Table 3. Oxen Ownership by 92 Randomly Selected Peasants who Got Land in the 1996/97 Redistribution in Two Communities of Gojjam**

Peasants	none		1 ox		2 oxen		Total	
	N	%	N	%	N	%	N	%
Male	13	28.3	30	65.2	3	6.5	46	50
Female	42	91.3	3	6.5	1	2.2	46	50
Total	55	59.8	33	35.9	4	4.3	92	100

Source: Data from author's fieldwork July-August, 1999.

Credit service is another problem. Rural credit is a determining factor in increasing food production. For instance, about 80 per cent of fertilizer sales are made on credit. However, there are no adequate rural credit services. Few services available to peasants are very bureaucratic and expensive. For instance, in the Amnara Region the Amhara Credit and Saving Institution (ACSI), which is the main rural credit institution in the region, charges peasants a 12.5 per cent interest on loans for fertilizer purchase. Peasants are also required to pay the loan in ten months which obliges them to sell their produce at a very low price during harvest time. Its loan period for other petty trade activities is also inadequate including its maximum loan repayment period of one year. In the Southern Nations, Nationalities and Peoples Region, Sidama Zone, a credit institution—Micro Finance Institute—provides credit with an annual interest rate of 15 per cent. These interest rates may not seem high from the outset but they are so compared to the previous government loan rates as well as from the point of view of costs involved in getting and repaying the loans. Both of these institutions have a very inadequate loan administration which may discourage peasants not to take risk by borrowing and poor peasants are not real beneficiaries of such services.

The afore-mentioned study in the two communities in Gojjam shows that out of the 92 interviewed people only 9 (9.8%) were able to get credit from ACSI. The main reason, as per the peasants' perception of not getting the loan, is

peasants' poverty that they had no oxen and other assets which can be used as a guarantee.

**Table 4. Access to Credit by Those Two Communities in Gojjam from the Amhara Credit and Saving Institution (ACSI)**

Applicants	Those who applied and got		Those who applied but could not get		Those who did not apply at all		Total	
	N	%	N	%	N	%	N	%
Male	6	13.0	13	28.3	27	58.7	46	50.0
Female	3	6.5	10	21.7	33	71.3	46	50.0
Total	9	9.8	23	25.0	60	65.2	92	100.0

Source: Data from author's fieldwork July-August, 1999.

Discussions with ACSI officials in two weredas in Gojjam show that the institution has a very limited capacity. In the two weredas, where those study communities are located, ACSI could reach only 8 and 9 kebeles out of 27 and 33 kebeles, respectively. That is about 29.6% and 27.3 %, respectively. Even within such Kebeles the number of peasants receiving such loans was insignificant.

Although the Government's development strategy—Agricultural Development-Led Industrialization (ADLI)—and the extension program, presuppose the development of agriculture, mainly through the application of modern inputs, until 1996, only 5.1% of the country's total cropland was supplied with a combination of Urea and DAP (Dessalegn 1997). Moreover, peasants are not getting the necessary support from the government; for instance, fertilized subsidies have been lifted while at the same time fertilizer prices have soared. Prices (unsubsidized) for DAP have increased from 91 birr/quintal in 1991 to 256.87 in 1996. The increase for Urea at the same time was from 95.30 to 246.87 birr. This has become a constraint on fertilizer use. In addition, as a result of lack of proper channels of distribution, fertilizer and other inputs are not made available timely in some places.

As what happened in the past, peasants are also at a disadvantageous position in terms of trading their produce in the market. Although prices for agricultural inputs and other industrial products are increasing, peasants are selling their outputs at a very low price. Inadequate loan arrangements, taxes and other financial obligations oblige the peasants to sell their outputs during the time of abundant supply. For instance, information from the Agricultural Offices of two weredas in Gojjam shows the following.

Table 5. Average Prices per Quintal of Grains at Two Different Times  
in Two Weredas in Gojjam

Item	Average price, <i>Tir</i> 1991 E. C.	Average price, <i>Sene</i> 1991 E. C.	% difference
Teff	140.50	210.25	49.6
Wheat	140.00	205.00	46.4
Maize	68.50	140.00	100.4

Source: Data from author's fieldwork July-August, 1999.

In addition, the administrative rearrangements, for example, abolishing Peasant Associations and replacing them by Kebele Administration has created some problems. In order to minimize the payroll cost paid as salary to the new kebele officials, the territorial jurisdictions of kebeles are almost doubled in size. This has created some problems for peasants in getting the necessary administrative and judicial services.

Additionally, the peasantry is left without any kind of recognized organization to protect its interests and enhance its claim-making power. Though there are a lot of newly emerging professional and other civil societies, there is no official effort done to encourage genuine peasant association or any form of representative peasant organization.

## 5. THE INSTITUTIONAL GAP AND THE ROLE OF INDIGENOUS ORGANIZATIONS

With such a situation, Ethiopian rural development requires well-functioning rural institutions to supplement public and private development efforts by performing such tasks as service provision, resource mobilization, facilitating popular participation and representation, resource management, local administration and other complementary services. The present party and government economic development programs and strategies also emphasize this need. For instance, the government economic development strategy document (1993) states that grassroots community organizations are among those forces for the implementation of the strategy. It is anticipated that those organizations will contribute to the realization of the economic development strategy objectives by coordinating their efforts and widely participating in development activities and by fostering popular participation in development activities.

However, since rural organizations such as ASCs and PAs were disbanded in 1991, the effort to revitalize such institutions has been very minimal. While,

there is no any indication that the government has an intention to develop a policy towards the establishment of genuine and representative peasant associations, the process of reactivating ASCs has been too slow. While the status of cooperatives' development and promotion offices has been diminished, it was in 1998 (except a small legislation on agricultural cooperatives in 1994) that a Federal cooperative law was promulgated. As a result, at least in the Amhara Region where the researcher has recent field experience, ASCs were largely inactive.

May be because of such gaps and bad past experiences in government-sponsored peasant organizations, indigenous membership peasant organizations have become more active and attracted the attention of some development actors like NGOs. For example, a lot of development agencies, particularly NGOs, have identified such potential of these rural organizations and have taken action in this direction. A study conducted on the collaboration for development between NGOs and Community Based Organizations (CBOs), (Bekalu 1997), shows that 26 NGOs work with such CBOs which include *iddirs*, *mahibers*, labor groups, *Senbetes*, water users group, credit and saving groups, development committees, and others. Their areas of collaboration include rehabilitation, development and welfare activities. Different services such as saving and credit, agricultural input supply, natural resource conservation, health care, and spring maintenance are being channeled through such CBOs.

In North Wollo, for instance, *Kires* (another name for *Iddir* in Wollo), work in collaboration with NGOs and they are providing credit services to their members, function in the areas of natural resource management such as forests, pasture, and water (Yeshiwas et al., 1995).

Another empirical example of a very dynamic and self-sponsored indigenous institution is the case of Mariam Mahiber found in one of the study communities in West Gojjam. It was established in 1917/18. In 1989/90 it had a total of 84 members while in 1999 membership increased to 418 household heads where 60 are women, 340 men who are regular members paying all the necessary contributions while 18 are priests and other religious people. From 1992/93 to 1998/99 it had provided loans to 194 members. It very actively functions in the areas of natural resource management like community forests, pasture, pass-ways and water. It provides valuable material and financial services, resolves conflicts and assists members in other respects as well.

These indigenous institutions are pervasive throughout the countryside and peasants have attached high value to these institutions. For instance, the

researcher has found the following indigenous institutions in the two aforementioned rural communities in Gojjam.

**Table 6. Indigenous Rural Organizations in Two Rural Communities in Gojjam**

Indigenous organization	Arbaitu Ensisa	Dinja Tsion	Total
No. of Iddirs	6	8	14
No. of Senbetes	2	6	8
No. of Mahibers	26	18	44
Total	34	32	66

Source: Data from author's fieldwork July-August, 1999.

If we take the importance of the most common indigenous organization, the *Mahiber*, discussions with the leaders of those *Mahibers* and community members show that they have the following functions.

### **5.1. Functions of Mahibers**

In general, in the study area, those *mahibers* have the following functions: They assist a member in ploughing his/her land in the case of death of oxen, and in the case of serious sickness, assist families of deceased members in labor at least for one crop season, provide credit free of interest whenever the member is sick and needs further medical attention away from the surrounding area, provide some financial assistance to his/her family members in the case of death of the member, provide material and labor assistance and moral support during weddings and death of family members and close relatives, reconcile members in the case of conflicts, regulate members' behavior by way of different penalties and pressure, provide credit services to members with or without interest, supply members with some commodities like meat during festive days, provide financial assistance to those members who want to construct a house with corrugated iron roof, discuss and decide on issues of communal resource management and control such as forests, grazing lands, water sources, pass-ways and others, make contributions to the strengthening of churches and other local institutions.

There are also ample examples elsewhere demonstrating that indigenous organizations could be valuable partners in development. Esman and Uphoff (1984), after examining rural organizations in many developing countries and for a long period of time, concluded that traditional organizations represent valuable social capital, they are dynamic not static, they are very familiar to the people while externally introduced organizations may not be understood by the members and will not engender commitment. They also noted that

"pump-priming" of new organizations based primarily on outside resources seldom results in effective and sustainable organizations while indigenous ones have proved success in these aspects. However, it is true that indigenous organizations may not be appropriate for all kinds of development tasks. But the most important thing to do will be to seriously study and understand them first. Dessalegn (1991) has noted the merits of indigenous organizations which include their flexibility, familiarity, practicality and being based on real needs, interests and knowledge of the rural people.

## **6. CONCLUSION**

Both Ethiopian government development strategies and the reality of the countryside entail the critical need for establishing viable and capable rural institutions. The major tasks of these institutions may include service provision, resource mobilization, facilitating popular participation and representation, resource management, local administration and other complementary services. However, the task of establishing and maintaining such institutions has not been given enough attention. As a result, the institutional gap remains wider both to implement the government development policies and to meet the needs of the rural people.

There is an appalling rural poverty in this country. Moreover, peasants are not getting the necessary support from the government; for instance, fertilized subsidies have been lifted while at the same time fertilizer prices have soared. This has been a very constraint to fertilizer use. In addition, in some places, as a result of lack of proper channels of distribution, fertilizer is not made available timely. Peasants do not have any support in terms of marketing inputs and their outputs and are engaged in an unfair deal.

Credit service is another problem. Rural credit is a determining factor in increasing food production. For instance, about 80 per cent of fertilizer sales are made on credit. However, peasants get very minimal access to credit. Moreover, these services are very bureaucratic and expensive. There are very stringent loan administration policies. For instance, peasants are required to repay the loan in ten months which obliges them to sell their produce at a very low price during harvest time.

In addition, the administrative rearrangements in some places like the Amhara Region, for example, and the abolishment of peasant associations and their replacement by Kebele Administration have created some problems. In order to minimize the payroll cost paid as salary to the new kebele officials, the territorial jurisdictions of kebeles are almost doubled in size. This new

experiment may strain the government budgets further and may create a kind of officialdom in the rural villages which may lead to the temptation of corruption and other bureaucratic evils. The countryside is also very politicized and many of those experienced and skilled peasants are excluded from rendering services accused as supporters of previous regimes. This political patronage meant a lot of waste and under-utilization of the country's scarce resources.

Given the physical infrastructural conditions and other problems, it is very difficult to assume that private investment will be attracted in the rural areas. Even the so-called investment in the agricultural sector is concentrated in the agro-industrial sub-sector which is urban-based and not directly linked with the peasant production.

The rural poor are becoming more vulnerable as a result of the above-mentioned situations and others. In the absence of developed private and competitive market, the Structural Adjustment Program will also worsen, at least initially, such situations of the rural poor. This will aggravate food insecurity and other problems as well. It is also a truism that the government has neither the necessary resources nor the bureaucratic capacity to efficiently and effectively provide services to rural areas.

Hence, it will be important to strengthen both indigenous and modern rural organizations. Favorable policies and some form of material and technical assistance are expected from the government. Indigenous institutions require recognition, respect and support. Agricultural cooperatives need a genuine revitalizing effort. Lesson should also be learned from the past. Government initiatives and support are required but not at the expense of cooperatives' autonomy. NGOs and other development partners can also play important roles in different ways to enhance rural institutions. The already started community based organizations and NGO partnership in development should be encouraged. At the same time, however, care should be taken not to alter their basic features of resilience and adaptation.

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