



Gold Medal awarded to one of the successful farmers. (Photo taken during the Successful Farmers Survey (April 2010))



Farewell Reception for Tigist Mamo, Administrative Officer of ESSP-II. Tigist Mamo has been working with ILRI/IFPRI since 1986.

## Staff News:

ESSP-II hired Helina Tilahun as a Research Officer starting January 2011.

## IFPRI – ESSP-II and EDRI Selected 2 PhD and 21 MA Students for Competitive Small Research Grants:

This grant scheme aims to contribute towards reducing the financial constraints to conducting economic policy-relevant empirical research in the context of graduate programs in Ethiopian public universities.

The Grants are provided on a competitive basis, depending on the quality of the proposal and the relevance of the topic to the development problems of the country.

ESSP-II and EDRI received 45 applications. The Grants Committee selected 23 candidates (2PhD and 21 MA/MSc students) for the award.

## NEWS!

- Bart Minten, who worked in Madagascar and is currently working for IFPRI in India, joins IFPRI/ESSP-II in Ethiopia as the new Program Leader as of February, 2011. His paper on Madagascar, co-authored with David Stifel, "Isolation and Agricultural Productivity", was awarded a prize in 2009 for Best Article in the international journal *Agricultural Economics*.
- David Stifel, professor of economics at Lafayette College is also coming to Ethiopia to work with IFPRI/ESSP-II for one year in June, 2011 as part of his sabbatical.

## Highlights of Presentations in November-December 2010:

**The Role of Agriculture in Poverty Reduction in Ethiopia and Ghana: Forward Looking Scenarios:** Xinshen Diao presented by Alemayehu Seyoum Taffesse, Prepared for Global Forum on Agriculture. Paris, France, November 29-30, 2010.

- Staple-led growth is more effective in poverty reduction through its strong consumption linkage effect, while high productivity in staple production will release labor, yet has limitations in job creation
- Export-agriculture-led growth increases labor demand, although the size of the sector is rather small. It may also be important to avoid favoring a few selected staple crops or livestock products to mitigate price effects
- Concurrent growth of agriculture and non-agriculture for stabilizing agricultural prices in important in poverty reduction strategies

**Workshop on Index insurance for agriculture in Ethiopia:** Alemayehu Seyoum Taffesse, Stefan Dercon, Ruth Vargas Hill and Guush Berhane Tesfay, Hilton Hotel, Addis Ababa, December 9, 2010.

- Purpose: exploring opportunities and challenges of weather index insurance in Ethiopia, presenting recent experiences in providing index insurance, and introducing three forthcoming studies funded by Index Insurance Innovation Initiative (I4) (see: <http://i4.ucdavis.edu/>)
- An IFPRI-Oxford collaborative project funded by I4 and titled: "Insuring against the weather: Integrating generic weather index products with group-based savings and loans", was presented.

**Adoption and Initial Impacts of Sustainable Land and Watershed Management Practices in the Blue Nile Basin, Ethiopia:** Emily Schmidt, Fanaye Tadesse and Kibrom Tafere, ILRI Campus, Large Auditorium, December 15, 2010

- Initial results reveal the determinants of household participation in SLM activities on private land and suggest the effects of participating in private SLM activities on per capita expenditure of households

**Population and Housing Census Atlas of Ethiopia:** Atreshiwal Girma, Legesse Hadush, Asfaw Kelbessa, Meron Mebratu, Alemakef Tassew, Sisay Guta, Emily Schmidt, Hailu Shiferaw, Mekamu Kedir and Helina Tilahun, EDRI Meeting Room, December 16, 2010

- The Census Atlas supplements the 2007 Census Report by providing clear graphic depictions of socio-economic characteristics of Ethiopia's geographic areas
- Spatial dimensions of demographics, poverty, and opportunities for economic growth in Ethiopia are presented throughout the Atlas.

**Does Electricity Supply Strategy Matter? Shortage and Investment: Reflections based on CGE Analysis:** Seneshaw Tamiru, Ermias Engeda and Eyasu Tsehaye, ILRI Campus, Room No 14, December 29, 2010

- The electricity shortage in 2009/10 has brought a significant adverse effect on the economy (3.0% loss of real GDP).
- An investment in electricity would bring a significant change in output structure (agriculture and industry) and a considerable shift in export patterns.
- Although the decision by EEPSCO to favor the export sector had a positive impact, the disproportionate disfavoring of the other sectors had a more negative impact.

## Publications:

Berhane, Guush and Gardebroek, Cornelis. 2011. **Does Microfinance Reduce Rural Poverty? Evidence Based on Household Panel Data from Northern Ethiopia.** *American Journal of Agricultural Economics*.

<http://ajae.oxfordjournals.org/cgi/reprint/aaq126?ijkey=WyCxK5k6au9Oeiz&keytype=ref>

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<http://www.ifpri.org/book-757/ourwork/program/ethiopia-strategy-support-program>

## Ethiopia Strategy Support Program II

### Research Initiatives 2011:

- Determinants of agricultural productivity
  - Analysis of farm-level data from Central Statistical Agency (CSA)
  - Analysis of agricultural input use, gender issues, household response to high food prices
- Evaluation of watershed management investments
- Determinants of market prices of cereals
- Operational multi-market model
- Book on Ethiopian food and agricultural policy
- Consumption, Savings and Investment Behaviors of Successful Farmers
- Rural-urban transformation
  - Rural-urban migration survey
  - CGE analysis of structural changes in the economy
  - Implications of infrastructure investments

### Capacity Building Initiatives 2011:

- **Ethiopian Development Research Institute (EDRI)**
  - Support to EDRI SAM/CGE Analysis
  - Support to short-term policy analysis on cereal markets, inflation, and economic growth
  - Joint seminar series
  - International PhD (5) training (planned)
- **Central Statistical Agency (CSA)**
  - Support to GIS analysis
  - Maintain operational geo-database
  - Federal and regional GIS training
  - Strengthen data dissemination through REKSS
- **Ministry of Agriculture (MoA)**
  - Support to agricultural and food security policy analysis
  - Creation of operational agricultural policy data base
  - Training on agricultural market analysis

## Policy Related Analysis at ESSP- II

### Sources of Inefficiency and Growth in Agricultural Output in Subsistence Agriculture: A Stochastic Frontier Analysis

- The study analyzed the sources of growth in agricultural production, the extent of inefficiency, and the sources of such inefficiency using the Ethiopian Rural Household Survey (ERHS) data for 1994-2009.

#### Results show:

- Most of the increase in agricultural output was attained by increased use of traditional inputs such as size and quality of cultivated land, labor, and numbers of oxen and hoes.
- Although average rainfall across all sites varied little from year to year in this data set, there was substantial variation in rainfall in some sites, and agricultural production was heavily influenced by the amount of precipitation.
- The rate of fertilizer application and participation in official extension programs contributed only modestly to increases in agricultural output, suggesting there may be an untapped opportunity for increasing agricultural productivity.
- Although still at low levels, average farming efficiency has improved during the 1994-2009 period. Farming efficiency for the surveyed farmers across all years was 0.46 - indicating that an average farmer produces less than half of the value of output produced by the most efficient farmer using the same technology and inputs.

Real value of output and input use among ERHS households, 1994-2009

