

ESSP II Blog is now live at

<http://essp.ifpri.info>



The blog contains all publications, upcoming events, and news of Ethiopia Strategy Support Program II (ESSP II).

Population and Housing Census Atlas of Ethiopia



The atlas was published by the Central Statistical Agency (CSA), in collaboration with the Ethiopia Strategy Support Program II (ESSP II). Copies of the Atlas and data CDs are available at IFPRI/ESSP II office, EDRI, and CSA.

Staff News:

Ms. Nahume Yadene joined IFPRI/ESSP II as a Program Management Officer starting on April 01, 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 were 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.

The 23 candidates (2PhD and 21 MA/MSc students) have received the first instalment of their payment. IFPRI/EDRI will release the second instalment upon receipt of a report on their field work.

Upcoming Events!

- IFPRI/ESSP II in collaboration with EEA and EDRI will lead a plenary and participate in the **9th International Conference on Ethiopian Economy** to be held at Ethiopian Economic Association (EEA) **July 21-23, 2011**.
- Panel Data Econometrics Training (using the Ethiopian Rural Household Survey) will be conducted in collaboration with Oxford University in May 2011.
- A training on CGE Analysis will be conducted (by Dr. Dario Debowicz (IFPRI) and prof. Stifel (Lafayette College)) during the last week of July and first week of August, 2011.

Highlights of Presentations in March - April 2011:

Ethiopia's Growth and Transformation Plan: A CGE Analysis of Alternative Financing Options - Preliminary Results: Paul Dorosh, Sherman Robinson, Dario Debowicz, Seneshaw Tamiru, Eyasu Tsehaye, and Ermias Engeda. EDRI Meeting Room. April 12, 2011.

- The Growth and Transformation Plan (GTP) has set higher growth and investment targets than any of Ethiopia's earlier national plans.
- Implementation of the GTP requires faster TFP growth. Given the projected tax rates and official borrowing, financing the investment entails large FDI flows, foreign borrowing and/or large domestic saving mobilization.
- This requires a better investment environment as well as macroeconomic stability; mobilization of domestic financial resources and improvements in domestic savings are critical.

Dynamic Implications of Production Shocks and Policy on Livestock Markets and Household Welfare: A Sectoral and Economy-Wide Analysis: Derek Headey, Fantu Nisrane, Stefano Caria, and Kibrom Tafere. ILRI Campus. April 20, 2011.

- Preliminary results were presented on market and demand analysis of livestock products in order to receive early feedback.

Food Demand Elasticities in Ethiopia: Estimates Using Household Income Consumption Expenditure (HICE) Survey Data: Kibrom Tafere. Oxford, UK (CSAE Conference). March 20, 2011

- Due to the high share of food in average household expenditures, the effect of a rise in food prices (because of inflation) on welfare is likely to be very high.
- Given that expenditure responses of major staples such as teff, wheat, maize and sorghum are high, there is a wide scope for welfare enhancing fiscal interventions.

Difference in Maize productivity between male and female headed households in Uganda: Bethlehem Koru. Oxford, UK (CSAE Conference). March 20, 2011

- Matching estimators and Cobb-Douglas production function demonstrates that productivity is significantly lower for female-headed household compared to male-headed households in the survey study in Uganda.
- The difference in productivity may be explained by male-headed households having better initial endowments and access of land and non-land resources, as well as better market access.

Evolution of Wellbeing in Ethiopia: Ibrahim Worku. ILRI Campus. March 30, 2011.

- This study evaluates the pattern as well as the change in the livelihood/welfare of the population over the survey period (1996-2004).
- Average household size suggests declining trend over the survey period, and access to facilities improved over time.
- Real per capita expenditure and caloric intake improved over the periods, while the share of total expenditure on food consumption declined.
- In both urban and rural areas the share of households who can read and write increased over the period.
- Self-reported perception of wellbeing suggest improvement in living standards: about 40 to 50% of households kept their status quo; 20-30% felt worse in access to food and overall living standards; 20-30% reported that they did a little better; and only few did much better.

Publications:

- Nisrane, Fantu, Guush Berhane, Sinafikeh Asrat, Gerawork Getachew and Alemayehu Seyoum Taffesse. 2010. **Sources of Inefficiency and Growth in Agricultural Output in Subsistence Agriculture: A Stochastic Frontier Analysis**. ESSP II Working Paper No 19.
- Spielman, David J., Dawit Kelemework and Dawit Alemu. 2010. **Seed, Fertilizer and Agricultural Extension in Ethiopia**. ESSP II Working Paper No 20.

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:

Ethiopia's Growth and Transformation Plan (GTP): A CGE Analysis of Alternative Financing Options - Preliminary Results

Seneshaw Tameru, Eyasu Tsehaye and Ermias Engida (EDRI)

Dario Debowicz, Paul Dorosh and Sherman Robinson (IFPRI)

- In the Growth and Transformation Plan (GTP) growth outcomes are projected in two scenarios: Base case and High case; both has set higher growth and investment targets than any of Ethiopia's earlier national plans

GTP goals; projected GDP growth (avg)

Sector	Base Case Scenario	High Growth Scenario
Agriculture	8.6	14.9
Industry	20.0	21.3
Services	10.6	12.8
Real GDP	11.2	14.9

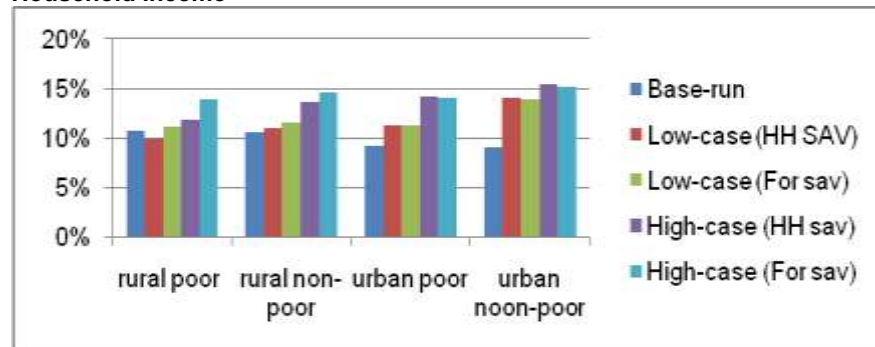
- In addition to planned investment, the growth targets of GTP require faster TFP growth (Total Factor Productivity, measured as growth in real value added adjusted for growth in labor, land and capital inputs).
- Given the projected tax rates and official borrowing, financing these investments entails large FDI flows, foreign borrowing, and/or large domestic saving mobilization.

Simulation- specific assumptions

	Base-run	Low-case	High-case
Total factor productivity	4.9%	5.8%	7.6%
Investment growth	11.6% (trend)	12.6% (plan)	22.6% (plan)
Growth in Gov't Consumption	5.7% (trend)	13.0% (plan)	13.0% (plan)
Tax as % of GDP (growth)	3.0% (trend)	7.5% (plan)	7.5% (plan)

- Without additional foreign borrowing, if private savings rates are to grow marginally, FDI flows need to increase by 28 percent average annual growth in the base case scenario and 38 percent in the high case scenario → This requires better incentive packages and investment environments, as well as macroeconomic stability.
- Alternatively, if these programs are financed from domestic sources, unprecedented improvement in domestic savings is required → This entails financial deepening, increased level of saving interest rate, expansion of saving and credit associations, price stability, etc.
- In both financing alternatives (through foreign saving or domestic saving), almost all households enjoy higher income gains, taking into account higher direct taxes and saving rates. In both alternatives the urban non-poor receives the largest percentage gains. However, with increased foreign savings, most of the households experience larger percentage gains in incomes than in the increased domestic saving rate alternative.

Household income



IFPRI – ETHIOPIA STRATEGY SUPPORT PROGRAM
www.ifpri.org/themes/essp/essp.htm

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