Book ‘Food and Agriculture in Ethiopia’ launched

A daylong conference on ‘Improved Evidence towards Better Food and Agricultural Policies in Ethiopia’ was held on November 2, 2012 at Hilton Hotel with 190 participants from different institutes. Dr. Paul Dorosh and Dr. Shahidur Rashid launched the book ‘Food and Agriculture in Ethiopia’, a publication of IFPRI and University of Pennsylvania Press. ESSP II and EDRI researchers presented ongoing research.

New ESSP II Publications

- David Stiftel, Bart Minten, and Bethlehem Koru. Economic Benefits and Returns to Rural Feeder Roads. ESSP Research Note 17.

Capacity Building


Upcoming Events

- EDRI and ESSP will organize a workshop on ‘China and Africa Economic Cooperation’, given by a study tour group from China on January 21, 2013 in Ghion Hotel, Addis Ababa.

Highlights of presentations in November – December, 2012


The last mile(s) in modern input distribution. Bethlehem Koru
- Adoption rates of modern inputs depend significantly on profitability variation over space.
- Significant transaction and transportation costs limit the profitability of modern input use.

Impact of sustainable land and watershed management (SLWM) practices. Emily Schmidt
- Farmers that sustain SLWM experience higher value of production in the medium term; significant benefits are not experienced until after 7 years of maintenance.
- The longer one sustains SLWM, the higher the marginal effect, although benefits of investment in SLWM at the private farm-plot level may not outweigh the opportunity costs of non-farm labor.

Effects of extension services on technology adoption and productivity among female and male farmers: evidence from Ethiopia. Fanaye Tadesse
- Female heads and plot managers are less likely to get extension services and are less likely to access quality services than their male counterparts.
- Receiving advice from development agents is strongly and positively related to adoption of improved seed and fertilizer for both female and male headed households.

Agricultural productivity growth and implications for the Growth and Transformation Plan (GTP). Fantu Nisrane
- Output growth in recent past was mainly driven by growth in cultivated area and traditional inputs such as labor and livestock. Yield growth is getting more important as a source of output growth.
- Modern input application was not responsible for considerable growth in output in the past decade.

Economic benefits and returns to rural feeder roads. Bart Minten
- Benefit to most remote households is about 60% of households’ consumption.
- Costs of feeder road construction are recovered in 3 years.

Cereal price dynamics in Ethiopia. Tadesse Kuma
- Ethiopia's cereal prices rose faster than those of many other countries and were an important source of overall food price inflation.
- A divergence between nominal and real food prices for major cereals emerged as a result of high food price inflation between 2007 and 2012.
- Between December 2006 and March 2012, domestic wheat prices have on average been more than 16 percent higher than the Import Parity Price (IPP), implying that there are non-price factors discouraging private traders from importing.

Prices and quality in urban food retail: Evidence from Addis Ababa. Girum Abebe (see at the back of this newsletter)

The impact of the Productive Safety Net Program (PSNP). Alemayehu Seyoum Taffesse
- The PSNP has been able to target resources to the poorest households in rural areas using a combination of geographic and community-based targeting.
- There is a need for continuous capacity building and follow-up from higher level implementers.

Improved evidence towards better food and agricultural policies in Ethiopia: The potential of weather insurance schemes. Guushe Berhane
- Selling insurance through iddirs, with pre-defined sharing rules, increases take-up—suggesting that groups are better placed to reduce basis risk (i.e. residual risk left uninsurred by the index).
- We also find that insurance strengthens existing risk-sharing behavior within groups.
- Insurance has also improved household welfare in the short term considered in this study, albeit to a limited extent.

Urban wages and food price inflation. Mekdim Dereje
- Casual workers in urban Ethiopia have been hit hard by rapid food inflation, particularly the ultra-poor: 10-20% loss of disposable income.
- The 2010–2011 food crisis had larger welfare impacts than the 2008 crisis because of more rapid non-food inflation.

Drivers of the demographic transition in Ethiopia. Derek Headey
- Ethiopia has recently witnessed a rapid reduction in fertility, entirely driven by trends in rural areas.
- The largest driver of that reduction was increased female labor force participation, followed by the equal contributions of women’s education and visits by health extension workers.

Other presentations in November – December, 2012


Awareness Creation Programme to Enterprise Managers on corporate GHG standard. Amha Bekele. November 13, 2012. EDRI Meeting Room

The formation of Job Referral Networks: Evidence from a Field Experiment in Urban Ethiopia. Stefano Caria and Ibrahim Worku. December 6, 2012. EDRI Meeting Room

To get access to the slides of all the presentations: http://essp.ifpri.info/knowledge-sharing/
Policy Related Analysis

Urban Food Retail in Africa: The case of Addis Ababa, Ethiopia by
Thomas Woldu, Girum Abebe, Indra Lamoot, and Bart Minten

- Based on a primary survey of food retail outlets selling cereals, fruits and vegetables, and processed foods, we note high variation in quality and prices in the city and an increasing differentiation in food retail markets in recent years.
- A domestic modern retail sector is quickly emerging, but its share is still very small. The importance of cooperatives is also rapidly growing: it is especially important for those products with supply chains controlled by the government.
- In the case of cereals we find a dominance of flour mills, cereal shops, and consumer cooperatives; however, the market share of these varies according to cereal type.

Source: Authors’ calculations

Share of different outlets in cereal retail sales in Addis Ababa

- Domestic private modern retail outlets deliver high quality products at significantly higher prices. At the other side, we see cooperative retail that delivers food at significantly lower and subsidized prices. However, the latter shops are characterized by typical price control problems, reflected in regular lack of supplies and queuing.
- The rationing issues point to problems with the untargeted price control policy for wheat, sugar, and palm oil. Rationing because of price controls often leads to a non-price mechanism for the allocation of goods, with important efficiency implications. It seems that the selection of self-targeted foods for subsidies or a policy of effective and well-targeted safety nets should be considered to assure sufficient food to poor people at lower fiscal costs without the creation of market distortions in agricultural and food markets. This is an important issue given that the overall subsidies on imported wheat lead to disincentives for the local wheat sector.
- Ethiopia might be missing out on investments by large (potentially multinational) retailers, possibly opening up opportunities for the agri-food sector to benefit from consumers’ increased willingness to pay. Such investments might be able to increase consumer choice, ensure stability in supply, allow for one-stop shopping, and deliver products at cheaper prices because of economies of scale of these large retailers.
- The imposition of Value Added Tax (VAT) seems to drive a wedge between the formal and informal sector as we find that only 7 percent of the food retail outlets pay VAT and as outlets that pay VAT charge significantly higher prices. Better understanding of the imposition of VAT and their distributional effects seems needed and might help in the design of policies to mitigate their effects on poor urban people.