

Weather Index Insurance

The third round of The Weather Index Insurance survey was launched in mid-February 2012. The survey analyzes to what extent insurance based on a rainfall index will be useful to and demanded by farmers. The survey piloted four woredas of Oromia region.



A study on “**Social Networks and Labour Market Outcomes in Ethiopia**” will be launched in March 2012. The project empirically tests for the emergence of peer effects in labour market out-comes and search decisions, and it investigates the mechanism that brings these about.

Capacity Building:

Introduction to GIS: regional level trainings were given in the Tigray and Afar regions (January 31–February 3, 2012) for 37 participants.

Mekamu Kedir gave a GIS training in Maputo, Mozambique, for 15 participants.

IFPRI – ESSP II and EDRI Small Research Grants:

In order to increase the national capacity to conduct policy-relevant economic research, ESSP II funds for the second time a small research grants scheme, beginning in November 2011.

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. A maximum grant of US\$1,000 and US\$2,000 was awarded for the winning proposals of master students and for doctoral student, respectively.

The 29 candidates (3 PhD and 26 MA/MSc students) have signed contracts with IFPRI/ESSP II and EDRI to receive these grants.

For further information, please visit

<http://www.edri.org.et/news.php>

Upcoming Events!

- A workshop on challenges of chemical fertilizer adoption and distribution in Ethiopia will be held in April/May 2012. This workshop will be organized in collaboration with the Agricultural Transformation Agency (ATA).
- A training workshop will be organized in connection with the Price Information Hub and will focus on understanding food and agricultural price dynamics and its impact.
- The Tenth International Conference on the Ethiopian Economy will be held July 19-21, 2012 at the Ethiopian Economic Association in collaboration with IFPRI/ESSP II.
- Regional trainings in the “Introduction to GIS” will be given in the Amhara region during the month of March and April.

Highlights of presentations in January – February, 2012:

Women’s Participation in Agricultural Cooperatives in Ethiopia. Fanaye Tadesse and Thomas Woldu. Conference on Strengthening the Role of Women in Cooperatives for Value Chain Development in Ethiopia, Addis Ababa, Panorama Hotel, January 25-26, 2012.

- The research analyzes the factors that explain the low participation of women in cooperatives (only 8 percent in agricultural cooperatives in 2004 and 16 percent in the total urban and rural cooperatives in 2007) in Ethiopia.
- It is found that the manner in which the cooperatives are organized and function significantly affect women’s proportion in cooperatives.
- Characteristics of the leaders of the cooperatives are found to be the main factor that determines women’s participation in cooperatives.
- One other main reason for lower participation of women in cooperatives is related with the power of decision making within the household.
- Women who come from households with educated heads and who have higher average levels of education are also more likely to be a member.

Biofuels, Poverty and Food Security: Micro-evidence from Ethiopia. Martha Negash. Addis Ababa, EDRI Conference Room, February 9, 2012.

- The study looks at dissemination of castor crop into inaccessible and remote places.
- There was widespread adoption rate (20-33%) within three years of promotion.
- Determinants of adoption of growing biofuels: household assets (land and livestock) are key factors; adoption declines with increasing price of food crops.
- Adoption may interact with performance of other crops and actually increase incomes from those.
- Average expected crop income gain for castor adopters is 44%.
- The adopters improved their food security by reducing their food gap by 16 days. But the non-adopters would not benefit from adoption. In fact if non-adopters would adopt growing biofuels they would increase their food gap with 22 days. This means that the farmers made the right decision.

The Effect of Natural Resources on Income Inequality. Byron Hewson. Addis Ababa, EDRI Conference Room, February 21, 2012.

- Access to more natural resources increases income inequality.
- Improved institutional quality decreases income inequality.
- Resource wealth tends to decrease institutional quality, though resource abundance need not necessarily lead to a decline in institutional quality.
- Resource policy must concentrate on limiting expropriation of resources. Efficient and equitable taxation must be combined with long term resource utilisation strategies.
- Political and social institutions are pivotal in determining the effect of natural resources.

Publications:

Degnet Abebaw, Fanaye Tadesse, and Tewodaj Mogues. 2011. **Access to Improved Water Source and Satisfaction with Services: Evidence from Rural Ethiopia.** ESSP II Working Paper 32

Tewodaj Mogues, Carly Petracco, and Josee Randriamamonjy. 2011. **The Wealth and Gender Distribution of Rural Services in Ethiopia: A Public Expenditure Benefit Incidence Analysis.** ESSP II Working Paper 33

Ayele Gelan, Ermias Engida, A. Stefano Caria and Joseph Karugia. 2011. **Integrating livestock in the CAADP framework: Policy analysis using a dynamic computable general equilibrium model for Ethiopia.** ESSP II Working Paper 34

Fanaye Tadesse and Derek Headey. 2012. **Urbanization and Fertility Rates in Ethiopia.** ESSP II Working Paper 35

Ermias Engida, Seneshaw Tamru, Eyasu Tsehaye, Dario Debowicz, Paul Dorosh and Sherman Robinson. 2011. **Ethiopia’s Growth and Transformation Plan: A CGE Analysis of Alternative Financing Options.** ESSP II Research Note 10

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Ethiopia Strategy Support Program II

Research Initiatives 2012:

- Agricultural Productivity: Performance and Constraints
- Determination of Food Prices
- Determinants of Adoption and Impacts of Sustainable Land/Watershed Management
- Dynamic Implications of Production Shocks and Policy on Livestock Markets and Household Welfare: A Sectoral and Economywide Analysis
- Aspirations, Risk and Household Investment Behavior
- Agricultural Growth Program (AGP) Impact Evaluation
- Accelerating Agricultural Market Transformation in Ethiopia: Processes, Potentials, and Challenges
- The Teff Value Chain
- Understanding and Improving Agricultural Extension Service Delivery in Ethiopia

Capacity Building Initiatives 2012:

- **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
- **Central Statistical Agency (CSA)**
 - Support to GIS analysis
 - Federal and regional GIS training
 - Strengthening of 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 policy analysis

Policy Related Analysis:

Access to Improved Water Source and Satisfaction with Services.

Evidence from Rural Ethiopia by Degnet Abebaw, Fanaye Tadesse, and Tewodaj Mogues. ESSP II Working Paper 32

- The main purpose of this paper was to investigate whether or not improved water sources satisfy their users.
- Households who obtain their drinking water from an improved source are more satisfied with both water quality and availability than those who fetch it from an unimproved source.
- However, having access to improved water entails an increase in satisfaction by only 25 percentage points. Possible reasons for this are: lack of awareness of the health benefits of clean water; deficiencies in water quantity coming from the facilities; long distances to travel to the facilities; and in-kind and monetary costs for facility construction and water use.

Principal sources of drinking water (%)

Water source		Wet season	Dry season
River, lake, or pond	unimproved	57.98	58.14
Dug well with pump	improved	24.07	23.75
Public standpipe	improved	4.11	4.31
Unprotected spring	unimproved	4.11	4.12
Protected spring	improved	3.53	3.74
Water vendor	improved	1.91	0.57
Rain water	improved	1.91	0.10
Water truck	improved	0.67	0.10
Private standpipe or tap	improved	0.57	0.57
Other		0.19	0.57
Dug well without pump	improved	0.00	4.02

Source: Authors' computation based on EEA/IFPRI 2009.

Household satisfaction with drinking water supply by water source and season

Water source	Water quality		Water availability	
	Wet season	Dry season	Wet season	Dry season
Unimproved	41.99%	39.01%	77.48%	65.53%
Improved	90.03%	90.28%	91.59%	83.02%

Source: Authors' computation based on EEA/IFPRI 2009.

The Wealth and Gender Distribution of Rural Services in Ethiopia: A Public Expenditure Benefit Incidence Analysis by Tewodaj Mogues, Carly Petracco, and Josee Randriamamonjy.

ESSP II Working Paper 33 and ESSP II Research Note 07

- The research is looking at who exactly is benefiting from the public spending which the Ethiopian government has committed over the past several years to expand public services and infrastructure in rural areas.
- The authors undertook a public expenditure benefit incidence analysis across gender and wealth groups of agricultural extension services, selected components of the Food Security Program (FSP), and drinking water supply.
- The results reveal a gender inequity in agricultural extension delivery: women receive extension services at about half the rate of men.
- The incidence of FSP is generally pro-poor: poor households receive proportionately the largest share of the public spending benefits. However, a closer look at the direct support component of FSP is warranted. The contrast in the wealth incidence is striking, and at the very least suggests a closer examination of administrative data of the direct support beneficiaries and non-beneficiaries and their wealth and welfare-proxying characteristics.
- In terms of drinking water quantity, there are no clear distinctions between lower- and higher-wealth households. In terms of drinking water quality, there is a clear incidence trend favoring poorer households. In addition, female headed households travel longer distances to their main water source, but they select safe water sources at a greater rate than do male headed households.

IFPRI – ETHIOPIA STRATEGY SUPPORT PROGRAM II

<http://essp.ifpri.info>

Contact:

Bart Minten

IFPRI c/o ILRI

P.O. Box 5689, Addis Ababa, Ethiopia

Tel: +251 11 6 17 25 55 Fax: +251 11 6 46 23 18

Email: mahlet.mekuria@cgiar.org

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

<http://www.ifpri.org>

Contact:

2033 K Street, NW • Washington, DC

20006-1002 USA

Tel: +1-202-862-5600

E-mail: ifpri@cgiar.org

ETHIOPIAN DEVELOPMENT RESEARCH INSTITUTE

<http://www.edri.org.et/>

Contact:

P.O. Box 2479,

Addis Ababa, Ethiopia

Tel: +251 11 5 50 60 66; +251 11 5 52 53 15

Fax: +251 11 5 50 55 88

Email: exe-director@edri.org.et