



July -
August
2009

Ethiopia Strategy Support Program II Newsletter

Meetings / Presentations

Poverty Mapping in Malawi and Possibilities for Ethiopia (6-19-09)

- Dr. Todd Benson presented his work on poverty mapping in Malawi and implications for constructing a poverty map for Ethiopia

Comprehensive Africa Agriculture Development Program (CAADP) / Agricultural Growth Program (AGP) Workshop: Nazareth, Ethiopia (6-2-2009)

- Dr. Paul Dorosh presented results from his paper (co-authored with James Thurlow) on "Agricultural Growth and Poverty Reduction in Ethiopia: A General Equilibrium Analysis"

Agricultural Growth Program meeting with World Bank and Government Partners (5-18-09)

- Emily Schmidt presented geospatial findings on High Potential Agricultural Growth Areas in Ethiopia

ESSPII Economic Policy Analysis Training Invited Lecturer at EDRI (5-8-09)

- Dr. Sherman Robinson (University of Sussex) presented the foundations of computable general equilibrium modelling in "The Analytics of Structural Adjustment: The 1-2-3 Model".

ESSPII presentation to Central Statistics Agency (4-24-2009)

- Emily Schmidt discussed the components of the open-source spatial data software program, GeoNetwork, and initiated an implementation plan at CSA

ESSPII presentation to USAID (4-14-2009)

- Dr. Paul Dorosh outlined the ESSPII work program and training calendar to USAID Ethiopia and United States office representatives.

Nairobi CSI Annual Meeting (4-2-2009)

- Emily Schmidt presented a poster on the implications of feeder roads for improved rural access to markets.



Photo courtesy of Raphy Favre

Upcoming Events

- IFPRI – Development Strategies and Governance Division Retreat: June 22-24
- Ethiopia Economics Association Conference: June 25-27

Training

- Applied Quantitative Economic Policy Analysis Using GAMS: February - June, 2009
Economic policy analysis using multi-market and computable general equilibrium (CGE) modeling with GAMS software
- Spatial Data Management in GeoNetwork: June 18-19
Organizing, cataloguing, querying, uploading, and downloading in GeoNetwork spatial data management software program
- Intro to GIS: June 9 - 10
Mapping techniques, basic spatial statistics, and spatial analyses tools to analyze market access
- STATA training: March 30 - April 3
STATA programming language and database navigation using the Ethiopia HICES data

Recent Work and Seminars:

Patterns of Food Consumption in Ethiopia: An Analysis of 2004/05 HICES Data

Zeleka Paulos, Kibrom Tafere, Alemayehu Seyoum Taffesse, Sineshaw Tamiru, and Nigussie Tefera (EDRI: 6-16-09)

- HICES data shows that essentially all households in Ethiopia rely on markets: even the poorest rural households purchase one-fourth of the value of their total expenditures
- Per capita consumption of *Teff* is three times higher in urban areas than in rural areas
- *Enset* accounts for 12 percent of total expenditures in rural SNNP

Growth, poverty and chronic poverty in Ethiopia: Evidence of 15 communities 1994-2004

Stefan Dercon, John Hoddinott, and Tassew Woldehanna (EDRI: 5-29-2009)

The panel survey data indicate that poverty declines varied over time and space

- Headcount poverty fell from 48 to 35% over the 10 year period
- Some households moved in and out of poverty, but 37% of the poor were chronically poor
- The chronic poor have the same rates of returns from assets as other households, but low initial levels of physical assets, education and market access are major constraints.

Agricultural Input Systems and Markets in Ethiopia (EDRI: 5-8-2009)

David J. Spielman, Dawit Kelemework, and Dawit Alemu (KCID)

- Public investment in plant breeding, seed multiplication and distribution is vital; but private investment is also needed in seed production and distribution, especially for hybrid maize
- A change in industry structure and collateral requirements for importers could improve access to fertilizer
- More investment in building development agents' skills, clarifying their roles, and scaling up Farmer Training Center (FTC) operations would improve effectiveness of extension efforts.

Commodity Exchanges: Setting the Rules of the Game (EDRI: 4-30-2009)

Eleni Gabre-Madhin (Ethiopian Commodity Exchange, ECX)

- The ECX is membership-based with in-house delivery, clearing and settlement mechanisms with flexible contract designs
- Creation of the ECX in 2008 required a powerful combination of political will and perceived market needs; the institution is still in an experimental phase.
- The ECX has facilitated aggressive data dissemination and real time information transmission; through May 2009, there have been no defaults.

Cereal Markets in Ethiopia: Policies and Performance (EDRI: 4-15-2009)

Shahidur Rashid and Asfaw Negassa (MTID)

Analysis of developments in cereal markets in Ethiopia over the past two decades indicates:

- Market integration has improved, price variability has increased; seasonality is unchanged
- Investments in road infrastructure and telecommunications have facilitated market trade, and transactions costs have declined in real terms

Crop Production in Ethiopia: A Spatial-Structural Analysis (EDRI: 3-16-2009)

Jordan Chamberlin and Alemayehu Seyoum Taffesse (IFPRI)

- CSA data indicates significant growth in yields over time, but output, acreage, yield levels and growth rates vary widely across regions and across years
- Acreage expansion is the dominant factor driving output growth; production remains highly dependent on rainfall; use of improved seeds is very low

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Research Initiatives 2008-09:

- Determinants of agricultural productivity
 - Analysis of farm-level data from Central Statistical Agency (CSA)
 - Extension of Ethiopian Rural Household Survey (ERHS)
 - Includes analysis of agricultural input use, gender issues, household response to high food prices
- Government agricultural spending efficiency
 - Review of past government projects
 - Institutional analysis at local level (public service delivery/governance)
- Rural non-farm clusters (hand-loom)
- Land tenure and watershed management
- Determinants of market prices of cereals
 - Operational multi-market model
- Book on Ethiopian food and agricultural policy
- Rural-urban transformation
 - Rural-urban migration
 - Structural changes in the economy
 - Implications of infrastructure investments

Capacity Building Initiatives 2008-09:

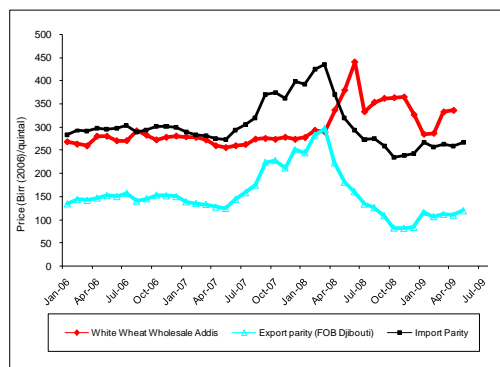
- **Ethiopian Development Research Institute**
 - Joint research on rural non-farm clusters
 - Support to EDRI SAM/CGE Analysis
 - Support to short-term policy analysis on cereal markets, inflation, and economic growth
 - Joint seminar series
 - International PhD (5) training (planned)
- **Central Statistics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

Policy Related Analysis at ESSP II

Wheat Prices Remain High as Foreign Exchange Shortage Inhibits Private Imports

- Since mid-2007, domestic wheat prices have not been determined by international prices
- Poor rains in areas of Ethiopia in early 2008 led to a failure of the *belg* season harvest and to concerns of inadequate rainfall for planting 2008 *meher* crops
- Domestic wheat prices rose above world prices in May 2008; but private imports have essentially stopped due to lack of foreign exchange and uncertainty related to government imports and possible seizure of stocks.
- Following the 2008 *meher* harvest, domestic wheat prices fell sharply, but have remained above import parity levels despite the 16% depreciation of the birr relative to the US dollar and a 27% reduction in the international price of wheat (fob US Gulf) from October 2008 to April 2009.

Nominal Wheat Prices: 2006-09 (import and export parity) (\$/ton)



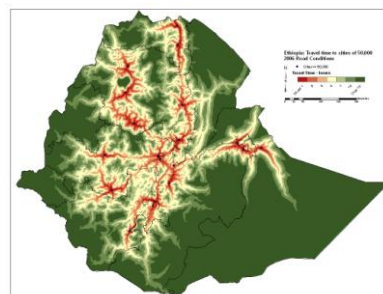
Implications for Investment in Regional Road Upgrades

Investments by the Ethiopian Roads Authority have significantly improved connectivity between major urban centers. Nonetheless, large segments of the population still remain remote, as measured by estimated travel time to cities with populations of at least 50,000.

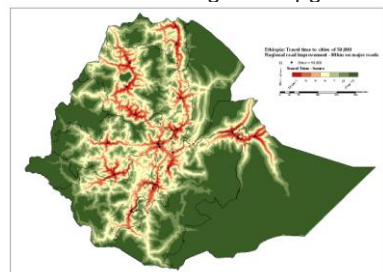
Upgrades of regional, primary roads to an average speed of 80km/hour would not result in large gains in market access to major cities. These improvements would increase the number of people within one hour travel time to major markets by less than 1% of the population.

An additional 530,000 people (3.7% of regional population) in SNNP would be within three hours travel time of a city after regional road improvement, however.

Market Access: Current Roads



Market Access: Regional Upgrades



IFPRI – ETHIOPIA STRATEGY SUPPORT PROGRAM

www.ifpri.org/themes/essp/essp.htm

Contact:

Paul Dorosh
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: m.mekuria@cgiar.org

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

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