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Ayalneh Bogale

Land Degradation, Impoverishment and Livelihood Strategies of Rural Households in Ethiopia:
Farmers' Perceptions and Policy Implication

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Preface of the Editors

In Ethiopia, very difficult processes of institutional and political transformation have taken place, particularly during the last three decades, and are still going on. Ethiopia is one of the least developed countries in which indigenous institutions were increasingly replaced by 'modern' institutions which often fail to serve the real interests of the people. After passing through a period of collectivisation, nationalisation, central planning and political repression which significantly prevented the rise of efficient economic institutions that enhance sustainable development and alleviate poverty, it has recently returned to a market-oriented economy and principles of a pluralistic society. As a consequence, it now has to cope with all those painful problems which are associated with such fundamental changes of the political and economic system. During the same period of time, Ethiopia has suffered tremendously from violent conflicts, civil war and recurrent drought.

All these interrelated processes of political revolution and institutional transformation seriously affected agriculture and the rural people. Moreover, domestic food production in Ethiopia has to take place within a vulnerable ecological system burdened by a high population density. The sluggish growth in agricultural production and the continuation of degradation of resources have been primarily due to institutional failures. Therefore, there is an outstanding role of institutional change in agricultural development. However, the analytical structure of the problem is even more complicated. Ayalneh Bogale makes very clear, that understanding those changes and crises requires sufficient knowledge on how performance, failure and renewal of institutions and corresponding policies are related to other factors such as insufficient resource endowment or limited access to resources, resource degradation and population pressure, political intervention and the social situation, particularly as regards poverty and food insecurity.

The vast majority of the Ethiopian population lives in rural areas and under dire poverty. As much as 85 % of the people live on subsistence farms which produce more than 95 % of the country’s cereals, pulses and oil crops. The living conditions of the rural poor have even worsened as a result of increasing deterioration of the quality and quantity of natural resources which are the main basis of subsistence agriculture. In the highlands of Ethiopia, deforestation has reduced tree cover to 2.7 % of the surface area, 50-60 % of the rainfall is estimated to be lost as run-off, carrying 2-3 billion tones of top soil away annually. In many areas, soil loss rates are much higher than soil formation rates, due to overcultivation. More than 45 % of the population of Ethiopia are considered poor, and about 80 % of the poor live in rural areas. Population still grows by about 2.7 % per annum. Life expectancy is 43 years on average and is even ex-
pected to fall. Only one-third of men and less than one-third of women can read and write.

The main focus of the book is to understand the economic and institutional relationship between poverty and resource degradation and how this is influenced by household characteristics and the people’s strategies to secure their livelihoods. Ayalneh Bogale analyses the perception of smallholder farmers regarding degradation of cultivated land and their response to this deterioration of their main natural resource. He shows that crop production by smallholder farmers is competitive compared with food imports, and that stimulating domestic production is a recommendable strategy to improve the country’s food situation. In addition, the author describes, measures and explains the determinants and extent of poverty and inequality. By using the livelihood approach, he sheds light on the coping and adaptive strategies smallholder farmers employ in search for sustainable livelihoods, which are predominantly based on existing institutions and available resources.

This book by Ayalneh Bogale contributes to our knowledge by exploring an issue which is undoubtedly an outstanding example of how combined application of development economics and institutional economics can become relevant for tackling real problems. How can the situation of the rural poor be improved and their livelihoods be sustained when natural resources are scarce and even deteriorating and both overall political conditions and agricultural policies are less favourable? By comparing different regions and agro-ecological zones he arrives at well-substantiated results. In particular, he stresses the point that Ethiopia’s food security could be improved by not only focussing on regions with high production potential but also providing incentives for increased productivity to marginal and remote areas. At the same time, he emphasises the role of those institutional arrangements which determine how individuals and households design and adapt their livelihood strategies. Accordingly, political actors are encouraged to pay increased attention to the structures and processes which are relevant for the livelihood strategies of the rural poor.

We hope that this book by Ayalneh Bogale will find interested readers, stimulate discussions, and support effective policy formation and institution building, to combat impoverishment and resource degradation in his country.

Berkeley and Berlin, March 2002

Volker Beckmann and Konrad Hagedorn
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Berlin, March 2002

Ayalneh Bogale
# Table of Contents

Preface of the editors ................................................................................................. v  
Acknowledgement .................................................................................................... vii  
List of Figures .......................................................................................................... xiii  
List of Tables ............................................................................................................. xv  
List of Abbreviations .............................................................................................. xix  

1 Introduction ............................................................................................................. 1  
1.1 Land Degradation and Poverty in Sub-Saharan Africa Perspective.............. 2  
1.2 Statements of the Problem ............................................................................. 6  
1.3 Hypothesis, Research Questions and Objectives of the Study................. 12  
1.3.1 Objectives of the Study ......................................................................... 12  
1.3.2 Research Question and Hypothesis ...................................................... 13  

2 Concepts and Theoretical Framework ................................................................. 15  
2.1 Land Degradation............................................................................................ 15  
2.1.1 Perception of the Problem: Land Degradation in a Social and Institutional Context ........................................................................... 15  
2.1.2 Approaches to Land Degradation ......................................................... 18  
2.1.3 Subsistence Farming and Decision-making Towards Sustainable Resource Utilisation ................................................................. 21  
2.1.3.1 Conceptualising the Decision-making Process ............................... 23  
2.1.3.2 Reinforcing Factors ....................................................................... 25  
2.2 Poverty ............................................................................................................. 29  
2.2.1 Perception of Poverty ........................................................................... 29  
2.2.2 Poverty Profile and Income Distribution .............................................. 32  
2.2.2.1 Identifying and Characterising the Poor ....................................... 32  
2.2.2.2 Inequality Measures ....................................................................... 35  
2.2.2.3 Desirable Properties of Inequality Measures ................................. 35  
2.2.3 Persistence of Poverty ............................................................................ 37  
2.2.4 Poverty Reduction Strategies ............................................................... 39  
2.2.5 Making Institutions Pro-poor ................................................................. 41
2.3 Rural Household Food Insecurity and Livelihood Strategies .......... 43
   2.3.1 The Prospect for Developing Countries.............................. 43
   2.3.2 Household Vulnerability to Food Insecurity ...................... 44
   2.3.3 The Sustainable Livelihood Approach............................... 47

3 The Study Set-up and Methodology............................................. 49
   3.1 Data Collection and Compilation.......................................... 49
   3.2 The Empirical Model ............................................................ 51
     3.2.1 The Policy Analysis Matrix (PAM) Approach ..................... 51
     3.2.2 The Incidence of Poverty ............................................... 55
     3.2.3 The Probability of Being Poor ....................................... 58
     3.2.4 Measurement and Decomposition of Inequality .................. 59

4 Towards a Typology of Smallholder Farmers ............................. 63
   4.1 Introduction ........................................................................... 63
   4.2 Background of the Study Area: Land Use and Agro-ecology ...... 64
     4.2.1 Alemaya District .............................................................. 64
     4.2.2 Hitosa District ................................................................. 66
     4.2.3 Merhabete District ............................................................ 67
   4.3 Some Attributes of Sample Households ................................... 70
     4.3.1 Demographic Characteristics ............................................ 70
     4.3.2 Education ....................................................................... 74
   4.4 Household Resource Endowment ........................................... 75
     4.4.1 Land Holding ................................................................. 75
     4.4.2 The Livestock Resource .................................................... 78

5 Land Degradation, Patterns of Agricultural Production and
   Competitiveness of Smallholder Farmers.................................... 83
   5.1 Introduction ........................................................................... 83
   5.2 Factors Contributing to Land Degradation: Farmers’ Perception .. 84
   5.3 Conserving the Land Resource .............................................. 89
     5.3.1 The Public Response ....................................................... 89
     5.3.2 Soil and Water Conservation by the Land Users ................. 92
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3.2.1 Description of Major Soil and Water Conservation Techniques  in the Study Areas</td>
<td>94</td>
</tr>
<tr>
<td>5.4 Pattern of Agricultural Productivity</td>
<td>98</td>
</tr>
<tr>
<td>5.4.1 Crop Production Performance</td>
<td>101</td>
</tr>
<tr>
<td>5.4.1.1 Aggregate Productivity</td>
<td>101</td>
</tr>
<tr>
<td>5.4.1.2 Land Productivity by Crop</td>
<td>102</td>
</tr>
<tr>
<td>5.4.1.3 Labour Productivity</td>
<td>105</td>
</tr>
<tr>
<td>5.5 Measuring Profitability and Competitiveness of Smallholder Farmers</td>
<td>108</td>
</tr>
<tr>
<td>5.5.1 Profitability Analysis</td>
<td>109</td>
</tr>
<tr>
<td>5.5.2 Comparative Advantage and Policy Effects</td>
<td>112</td>
</tr>
<tr>
<td>5.5.3 Performing Sensitivity Analysis</td>
<td>116</td>
</tr>
<tr>
<td>6 Structure of Poverty and Income Distribution</td>
<td>119</td>
</tr>
<tr>
<td>6.1 Introduction</td>
<td>119</td>
</tr>
<tr>
<td>6.2 Poverty Profile</td>
<td>122</td>
</tr>
<tr>
<td>6.2.1 Choice of Welfare Indicators</td>
<td>122</td>
</tr>
<tr>
<td>6.2.2 Setting the Poverty Line</td>
<td>123</td>
</tr>
<tr>
<td>6.2.3 Alternative Poverty Lines</td>
<td>126</td>
</tr>
<tr>
<td>6.2.4 Levels of Earnings and Consumption</td>
<td>129</td>
</tr>
<tr>
<td>6.2.5 Extent of Poverty</td>
<td>133</td>
</tr>
<tr>
<td>6.2.6 Determinants of Poverty</td>
<td>139</td>
</tr>
<tr>
<td>6.3 Inequality Measurement and Decomposition</td>
<td>148</td>
</tr>
<tr>
<td>6.3.1 Introduction</td>
<td>148</td>
</tr>
<tr>
<td>6.3.2 Income and Expenditure Inequality</td>
<td>149</td>
</tr>
<tr>
<td>6.3.3 Inequality in Direct Food Energy Intake</td>
<td>151</td>
</tr>
<tr>
<td>6.3.4 Inequality in Landholding</td>
<td>152</td>
</tr>
<tr>
<td>7 Implications to Food Security and Rural Livelihood Strategies</td>
<td>155</td>
</tr>
<tr>
<td>7.1 The Nature of the Challenge</td>
<td>155</td>
</tr>
<tr>
<td>7.2 The Slipping Food Security Situation in Ethiopia</td>
<td>157</td>
</tr>
<tr>
<td>7.3 Salient Features of Policy Responses Since mid-1970s</td>
<td>161</td>
</tr>
<tr>
<td>7.4 Rural Livelihoods, and Coping and Adaptive Strategies</td>
<td>162</td>
</tr>
</tbody>
</table>
Table of Contents

- 7.4.1 Household Food Security and Rural Livelihoods .................................. 162
- 7.4.2 Means of Rural Livelihoods in the Study Areas ................................. 164
  - 7.4.2.1 Mixed Crop-Livestock Farming System .................................... 164
  - 7.4.2.2 Crop Productivity and Food Security ....................................... 165
  - 7.4.2.3 Subsidiary Activities ............................................................... 169
- 7.4.3 Coping and Adaptive Strategies ...................................................... 171

8 Summary of Findings and Directions to Meeting the Challenges ...... 177

- 8.1 Summary and Conclusion ..................................................................... 177
- 8.2 Towards Meeting the Challenge .......................................................... 180
  - 8.2.1 Strengthening Research, Extension and Education .......................... 181
  - 8.2.2 Tenure Security .......................................................................... 182
  - 8.2.3 Infrastructure .............................................................................. 183
  - 8.2.4 Empowering the Poor Through Participatory Governance ........... 183
  - 8.2.5 Proper Targeting ......................................................................... 184

References .................................................................................................. 187

Appendix ...................................................................................................... 201
List of Figures

Figure 2-1: Alternative paths for decision making in resource conservation .. 24
Figure 5-1: Area covered by each class of soil fertility ................................. 85
Figure 5-2: Monetary returns of major crops by district (ETB/ha) ................. 105
Figure 6-1: Incidence of poverty due to change in poverty line ................. 138
Figure 6-2: Cumulative distribution of per capita household expenditure by district (ETB/year) ................................................................. 139
Figure 6-3: The marginal effect of gender of household head as land-man ratio changes, using direct food energy intake criterion. ............... 146
Figure 6-4: The marginal effect of gender of household head as land-man ratio changes, using cost of basic needs criterion. ...................... 147
Figure 7-1: Ethiopia: Agricultural production index (1989-91 = 100) ........... 159
Figure 7-2: Caloric value of major food crops by landholding tercile .......... 169
List of Tables

Table 1-1: Proportion of cultivable area with crop production constraints ...... 2
Table 1-2: Trend in food energy supply in Eastern Africa (kcal/capita/day)................................................................. 4
Table 1-3: Proportion and number of undernourished in developing countries, by region, 1990-92 and 1994-96 ......................... 5
Table 1-4: Estimates of agricultural production and cultivated area of major crops in Ethiopia, 1995/96-1997/98 ('000 qt) ............... 7
Table 1-5: Some basic economic and social indicators............................... 11
Table 2-1: Characteristics of main approaches to land degradation........... 20
Table 2-2: Trends in income poverty in developing countries .................. 38
Table 3-1: The policy analysis matrix ..................................................... 53
Table 4-1: Yield of major crops in Merhabete district (1998/99) .............. 68
Table 4-2: Demographic characteristics of sample households .................. 72
Table 4-3: Dependent members by households and district ....................... 73
Table 4-4: Sample households’ education status...................................... 74
Table 4-5: Sample households’ land holding characteristics ...................... 76
Table 4-6: Household livestock holding characteristics ............................ 80
Table 5-1: Recognised signs of land degradation.................................... 86
Table 5-2: Cultivated landholding classification into terciles (ha) .......... 99
Table 5-3: Pattern of land use by district and farm categories, 1999/2000 .... 100
Table 5-4: Land productivity by district and landholding tercile (ETB/ha) 102
Table 5-5: Grain yield of major crops by district and landholding tercile (kg/ha) ............................................................. 104
Table 5-6: Mean labour productivity by district and landholding tercile (ETB/MD) .............................................................. 105
Table 5-7: Labour productivity by district, major crops and landholding tercile (ETB/MD) ....................................................... 106
Table 5-8: Labour productivity by district, major crops and landholding tercile (mcal/MD) ....................................................... 107
Table 5-9: Financial farm budget analysis for major crops (ETB/ha) ......... 110
Table 5-10: Economic performance of major crops (ETB/ha)........................ 111
Table 5-11: Entries into the Policy Analysis Matrix framework....................... 113
Table 5-12: Social Cost-Benefit ratio and selected Policy Analysis Matrix indicators...................................................................................... 115
Table 5-13: Sensitivity Analysis of SCB and PAM indicators ......................... 117
Table 6-1: Composition of nutritionally adequate diet to determine the poverty line (unit/month/capita)................................................... 125
Table 6-2: Alternative poverty lines and incidence of poverty ....................... 127
Table 6-3: Spatial (geographical) concentration of the poor by alternative poverty lines........................................................ 128
Table 6-4: Overlap between alternative poverty lines (percent) ................. 129
Table 6-5: Frequency distribution of sample households by annual per capita household income (ETB) and district ....................... 130
Table 6-6: Average per capita household food energy consumption by income tercile and district ........................................... 131
Table 6-7: Incidence of poverty by household group .................................. 132
Table 6-8: Poverty incidence and severity ................................................ 134
Table 6-9: Contribution to poverty and average consumption shortfall of the poor .................................................................................. 136
Table 6-10: Decomposition of severity of poverty by decile ....................... 137
Table 6-11: Variable definition and characteristics of sample households .... 141
Table 6-12: Binary logit coefficient estimates for determinants of food energy consumption poverty ......................................................... 142
Table 6-13: Binary logit coefficient estimates for determinants of cost of basic needs poverty .............................................................. 144
Table 6-14: The probability of being poor, marginal effect in percent ........ 145
Table 6-15: Within and between districts inequality decomposition for total household income and per capita household income .................. 149
Table 6-16: Within and between districts inequality decomposition for total household consumption expenditure and per capita household consumption expenditure ...................................................... 150
Table 6-17: Within and between districts inequality decomposition for total household direct food energy intake and per capita household direct food energy intake ........................................... 151
Table of Tables

Table 6-18: Within and between districts inequality decomposition for total land holding and land holding per adult equivalent........... 154

Table 7-1: Ethiopia: Cereals production and food self-sufficiency ratio (1989-1999).................................................................................................................. 158

Table 7-2: Land productivity by district and landholding tercile (mcal/ha). 166

Table 7-3: Labour productivity by district and landholding tercile (mcal/MD).................................................................................. 167

Table 7-4: Nutritive value of major crops by district (mcal/ha)............. 168
List of Abbreviations

ADLI Agricultural Development-led Industrialisation Strategy
AE Adult equivalent
AMC Agricultural Marketing Corporation
ARDU Arsi Rural Development Unit
CADU Chilallo Rural Development Unit
CDF Comprehensive Development Framework
CSA Central Statistical Authority
CV Coefficient of variation
DPPC Disaster Prevention and Preparedness Commission
DRC Domestic resource cost
EGS Employment Generation Scheme
EHNRI Ethiopian Health and Nutrition Research Institute
EPC Effective rate of protection
ETB Ethiopian Birr (US$1 = ETB 8.25)
FAO Food and Agriculture Organization of the United Nations
FaWCDA Forest and Wildlife Conservation and Development Department
GLASOD Global Assessment of Land Degradation
GOE Government of Ethiopia
ha hectare
HIPC Highly Indebted Poor Countries
HPI Human poverty index
IDA International Development Association
IDS Institute of Development Studies
IFAD International Fund for Agricultural Development
IFPRI International Food Policy Research Institute
IMF International Monetary Fund
IMPACT International Model for Policy Analysis of Commodities and Trade
IUCN International Union for Conservation of Nature and Natural Resources
kcal Kilocalorie
LDC Least Developed Countries
mcal Megacalorie (i.e., $10^6$ calorie)
MD Man-day equivalent
MfM Menschen für Menschen Foundation
MIRAD Merhabete Integrated Rural Development Project
MOA Ministry of Agriculture
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGO</td>
<td>Non-Governmental Organizations</td>
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<td>NPC</td>
<td>Nominal rate of protection</td>
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<td>NPV</td>
<td>Net present value</td>
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<td>PA</td>
<td>Peasant Association</td>
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<td>PAM</td>
<td>Policy Analysis Matrix</td>
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<td>PPA</td>
<td>Participatory Poverty Assessment</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>RDA</td>
<td>Recommended daily allowance</td>
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<td>RRC</td>
<td>Relief and Rehabilitation Commission</td>
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<td>RTP</td>
<td>Rate of time preference</td>
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<td>SAP</td>
<td>Structural Adjustment Program</td>
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<tr>
<td>SCB</td>
<td>Social cost-benefit ratio</td>
</tr>
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<td>SCRP</td>
<td>Soil Conservation Research Project</td>
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<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<td>SG2000</td>
<td>Sasakawa Global 2000 Program</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>SWC</td>
<td>Soil and water conservation</td>
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<tr>
<td>SWCD</td>
<td>Soil and Water Conservation Department</td>
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<td>TLU</td>
<td>Tropical livestock unit</td>
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<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNEP</td>
<td>United Nations Environmental Program</td>
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<td>WADU</td>
<td>Wolayita Rural Development Unit</td>
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<td>WFP</td>
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</tr>
</tbody>
</table>