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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

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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

NGO	Non-Governmental Organizations
NPC	Nominal rate of protection
NPV	Net present value
PA	Peasant Association
PAM	Policy Analysis Matrix
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
RDA	Recommended daily allowance
RRC	Relief and Rehabilitation Commission
RTP	Rate of time preference
SAP	Structural Adjustment Program
SCB	Social cost-benefit ratio
SCRP	Soil Conservation Research Project
SIDA	Swedish International Development Agency
SG2000	Sasakawa Global 2000 Program
SSA	Sub-Saharan Africa
SWC	Soil and water conservation
SWCD	Soil and Water Conservation Department
TLU	Tropical livestock unit
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
WADU	Wolayita Rural Development Unit
WFP	World Food Program