

LIFE IN A TIME OF FOOD PRICE VOLATILITY

Ethiopia Year 1 Country Report



Grains by the kilogram, Ethiopia 2013

TASSEW WOLDENHANNA

ASSOCIATE PROFESSOR, DEPARTMENT OF ECONOMICS, ADDIS ABABA UNIVERSITY

YISAK TAFERE

PHD CANDIDATE, NORWEGIAN CENTRE FOR CHILD RESEARCH, NORWEGIAN UNIVERSITY OF SCIENCES AND TECHNOLOGY

‘Life in a Time of Food Price Volatility’ is a joint four-year research project by Oxfam and IDS to explore the effects of changes in food prices in communities around the world. The objective of the research is to gain a better understanding of the ways in which food-price volatility affects the lives of people living in poverty in rural and urban areas and how they cope with its impacts. This research report on Ethiopia is a contribution to the first year of that project. The report shows how different groups in Ethiopia are affected, including at the levels of personal income and finance, health, social, family and security.

CONTENTS

1	Introducton	4
2	Methods and approach	7
3	The research sites	10
4	National context of food price volatility and policy responses	12
5	Local findings on food price volatility and people’s responses	14
	5.1 Well-Being in the Communities	14
	5.2 Food price increases and life challenges	15
	5.3 Coping strategies	19
	5.4 Government response	22
6	The future of young people	25
7	Summary and policy implications	27
	Bibliography	29
	Acknowledgements.....	29

1 INTRODUCTION

The Ethiopian economy has experienced strong growth over the past decade, averaging 10.6 per cent each year from 2004/05 to 2011/12 compared with the regional average of 5.4 per cent.¹ The growth is broad-based and pro-poor, as more than 60 per cent of the government spending goes to the education, health, road, water, and agriculture sectors (MOFED 2010).

The per capita income (adjusted for inflation, measured in 2005 US dollars) was \$256 in 2012; this represents a significant increase over recent decades, but still remains below the \$992 average in sub-Saharan Africa. The Plan for Accelerated and Sustained Development to End Poverty (PASDEP) was Ethiopia's guiding strategic framework for the period 2005/06 to 2009/10; the growth efforts during this period were threatened by the twin problems of macroeconomic instability – inflation (due to domestic as well as external causes such as oil and food price increases in 2008) and shrinking foreign exchange reserves (World Bank, 2009).

The remarkable economic growth registered over the last 10 years appears to be pro-poor, resulting in declining poverty headcount indexes at national and regional levels, and in both urban and rural communities.

The incidence of poverty (below the national poverty line) declined markedly between 2004/05 (38.7 per cent) and 2010/11 (29.6 per cent). The incidence of poverty fell from 39.3 per cent to 30.4 per cent in rural areas and more substantially from 35.1 per cent to 25.7 per cent in urban areas, over the same period. During 2010/11 urban Ethiopia experienced a significant reduction in the poverty gap; in contrast, poverty severity increased in rural areas during the same period. The headcount poverty rate fell in all regions of the country.

Nationally, the income inequality measured by Gini coefficient remained constant. In urban areas income inequality increased until 2004/05 at an alarming rate, but then declined from 44 per cent in 2004/05 to 37.8 per cent in 2010/11. This decline was likely due to the urban-focused activities of the government, as the ruling party lost elections in some urban areas during the 2005 election.

The achievement of food self-sufficiency is one of the key objectives in the Ethiopian government's Growth and Transformation Plan (GTP) for the years 2010 to 2015. The proportion of households with insufficient consumption expenditure to cover their food needs (food poverty headcount index) in 2010/11 was 33.6 per cent at the national level, 34.7 per cent in rural areas, and 27.9 per cent in urban areas. In the same period the food poverty gap index was 10.5 per cent at the national level, 11.1 per cent in rural areas, and 7.3 per cent in urban areas. Similarly, the food poverty severity index stood at 0.046 at the national level, while in rural areas it was slightly higher than in urban areas, at 0.05 and 0.029, respectively. The overall result indicates that all kinds food poverty indices (incidence, depth, and severity) were higher in rural than in urban areas (MOFED, 2012).

The national food poverty index declined from 38 per cent in 2004/05 to 33.6 per cent in 2010/11 (a reduction of 12 per cent). During this period, the decline in the index was greater in urban areas (a reduction of 21 per cent) than in rural areas (a reduction of 10 per cent). Despite the huge decline in rural food poverty incidence and gap between 2004/05 and 2010/11, no statistically significant change has been observed in the severity of food poverty (squared poverty gap) during the same period in rural areas. In urban areas during the same period the food poverty gap and severity indices declined substantially (by 38 per cent and 40 per cent, respectively).

¹ <http://www.worldbank.org/en/country/ethiopia/overview>

There are notable disparities in poverty levels among Ethiopia's regions, documented by the national-level poverty report conducted by the Ministry of Finance. In 2010/11, the poverty head count indexes were highest in Afar Region (36.1 per cent), Somali Region (32.8 per cent), and Tigray Region (31.8 per cent), while poverty estimates were lowest in Harari (11 per cent), Addis Ababa (28.1 per cent), and Dire Dawa (28.3 per cent). In terms of food poverty, the highest rates were observed in Amhara Region (42.5 per cent), Tigray Region (37.1), and Benishangul-Gumuz Region (35.1 per cent). The lowest food poverty rates were found again in Harari (5 per cent), Dire Dawa (21.7 per cent), and Southern Nations, Nationalities, and Peoples' Region (SNNP; 25.9 per cent).

The poverty measures indicate that absolute poverty declined between 2004/05 and 2010/11 in all regions except in urban Dire Dawa (where absolute poverty incidence increased by 6 per cent). The poverty gap also declined over this period in all regions except in rural Afar Region, rural SNNP, Addis Ababa, and urban Dire Dawa. Poverty severity also declined over the period in many of the regions including Tigray Region, Amhara Region, Benishangul-Gumuz Region, Harari, urban Afar Region, urban Somali Region, and rural Dire Dawa, but increased in rural Afar Region, Oromia Region, rural Somali Region, SNNP, Addis Ababa, and urban Dire Dawa.

The demographic and health survey provides data on stunted growth, wasting, and underweight rates for the past decade. Nationally, there was a clear downward trend in the rates of stunted growth (identified by comparing measurements of children's heights to a growth reference population) from 58 per cent in 2000 to 44 per cent in 2011. The underweight rate is on a similar downward trend. The prevalence of wasting (low weight-for-age) fell less significantly.

Both the Welfare Monitoring Survey and the Ministry of Education's statistical abstracts indicate education has been expanding in Ethiopia over the past fifteen years, and net enrolments in primary school have almost tripled since monitoring began in 1994. Currently, 85.3 per cent of Ethiopian primary-age children are attending primary school (MOFED, 2013). Secondary school enrolment has risen too, but remains at quite low levels, especially in rural areas and among the poorest groups. Levels of literacy and numeracy (among the population over 10 years) have also increased significantly over time.

According to a recent report by the Ministry of Finance (MOFED, 2013), poverty reduction, improvements in food security, and children's progress in education and nutritional achievements has been driven by economic growth and growth in the incomes of those below the poverty line. This usually results from one of two channels – growth in incomes or redistribution of benefits to people living in poverty. Economic growth has played the most important role in poverty reduction over the past 15 years. In urban areas, infrastructural development (e.g. cobble stone construction) and its use of labour increased the incomes of many of those living in poverty, subsequently reducing inequality.

Despite the general improvements in living conditions for Ethiopians, around 25 million people in the country (29 per cent of the population) live below the nationally defined poverty line. Chronic malnutrition is very high at 44 per cent. In recent years inflation has been a major shock for the majority of the urban population and for significant proportion of the food-deficit rural population.

Oxfam and the Institute of Development Studies (IDS) are working together on a four-year research project and have initiated partnerships in 10 countries (Bangladesh, Bolivia, Burkina Faso, Ethiopia, Guatemala, Indonesia, Kenya, Pakistan, Viet Nam, and Zambia) to track the impacts of increased food prices on the lives of poor people. The research aims to document people's experiences of food price volatility (FPV), particularly those living in poverty. The findings of the study are intended to inform policy makers and the wider audience of potential short- and long-term responses, with the objective of protecting those vulnerable to FPV.

The overall purpose of this study is therefore to document poor people's experiences of food price volatility in Ethiopia. The evidence from this study, which is the first of four rounds of

qualitative data collections, is expected to inform short- and long-term responses to protecting vulnerable groups from FPV.

The study is a collaborative work between Oxfam and IDS, as well as different institutions and researchers in study countries. In Ethiopia, the research is led by Dr Tassew Woldenhanna from Department of Economics, Addis Ababa University. The *Life in a Time of Food Price Volatility* project comprises three research components: global and national food security tracking, longitudinal qualitative case studies of 23 communities, and integrated qualitative–quantitative studies in all the countries. The research covers four years, with final output expected in 2015.

In Ethiopia, partner senior researchers carried out a qualitative study in two communities (one urban and one rural) in August 2012. This report presents the synthesis of the country data and highlights the household and community-level experiences of FPV, their coping strategies, and both formal and informal social protection responses. More verbatim accounts of respondents and detailed data can be drawn from the transcripts, which will be made available once processed for anonymity to meet ethical requirements. Previously, brief updated fieldwork reports, data transcripts, and community file reports have been submitted.

2 METHODS AND APPROACH

The longitudinal qualitative approach was designed to trace and track the impacts of FPV by collecting data on the daily lives of people. It records the changing impacts and also tracks how national programmes are bringing any change to the lives of those affected by FPV. The qualitative cases study also helps to interpret the quantitative findings on the impact of FPV. The results of the qualitative research will be 'blown up' through a qualitative–quantitative integrated analysis (Hossain and McCulloch, 2010). While the quantitative data provides wider contexts and trends of changes, the qualitative data interprets these in terms of the daily experiences of those affected.

Integrating both data for a strong argument is however, often hampered by the inherent differences in the processes of data collection and interpretations of results. Both data are usually collected in different times and are drawn from a varied scale of respondents; they tend to be parallel studies working towards to their own conclusions. Furthermore, researchers from the two disciplines tend to interpret data differently. Integration of both methods carries the potential risk of bringing the limitations of each method together. Careful handling of such limitations may lead to a better outcome of integrated analysis. It is important to focus on the potential of each method for adding to the integrated analysis. The quantitative data can provide evidence on wider impacts and trends of FPV while the qualitative data can interpret it by recoding and analysing the daily experiences of people. Both methods could be more useful if their findings are analysed through changes over time.

In this section, we outline the methods and tools used to generate the first round of qualitative case study data in the two communities in Ethiopia. The research themes, questions, and methods were adopted from the global methodological paper; however, some new specific research tools have also been applied when necessary.

RESEARCH THEMES

The research themes include

- *Ill/well-being*: investigating how FPV affects the well-being of people living in the communities.
- *Coping strategies*: establishing how people affected by FPV adopt different mechanism to cope.
- *Social protection*: exploring both formal and informal support structures available in the communities that help vulnerable households cope with, and overcome, the impacts of FPV.

RESEARCH QUESTIONS

The research questions include

- How do high and unpredictable food prices affect overall well-being and development in poor or vulnerable communities?
- How do food price increases affect the essential day-to-day work of keeping families fed and cared for?
- How well do the support systems on which people routinely rely – whether formal or informal – help people cope with sharp changes in the cost of living?

METHODS/TOOLS

The methods used for data collection include focus group discussions (FGD) and interviews with key informants and household heads or members. The FGD cover diverse groups of people from each community, with a strong focus on women, youth, mixed groups (gender, age, occupation, religion, etc.), and those engaged in grain production (rural) and traders (urban). We organized eight focus groups, 11 key information interviews, and 22 households' case studies. The methods used and respondents involved are presented in Table 1.

Table 1: Methods and respondents

Type of focus group discussion	Key informants		Household cases	
	Rural/urban	Urban	Rural	Urban
Women Youth Mixed groups Grain producers (rural) and traders (urban)	1. <i>Wereda</i> leader 2. Women, children, and youth affairs officer 3. Youth association leader 4. Consumers' cooperative 5. Health official	1. <i>Kebele</i> leader 2. Farmer cooperative 3. Health extension worker 4. Women affairs 5. Youth representative	1. Pregnant woman 2. Daily labourer 3. Community support beneficiary 4. Minority 5. Very poor 6. Female headed 7. NGO support beneficiary 8. Grain seller 9. Pensioner 10. Very old 11. Vegetable grower	1. Pregnant woman 2. Polygamy 3. Daily labourer 4. Minority ethnic 5. Female headed 6. Grain producers (2) 7. Very poor 8. Very old 9. Support beneficiary

WELL-BEING EXERCISES

We adopted different tools in FGD and individual interviews. To establish the ill/well-being perceptions of people living in their respective communities, we used *well-being exercises* in all group discussions but only *interviews* for individual household and key informants. During the FGD, respondents were asked first to establish what 'well-being' means and the indicators of 'well-being' and 'ill-being'. Participants were asked to list the indicators for each, then discuss and finally rank the most common ones. As the concepts of 'well-being' and 'ill-being' were difficult for respondents to comprehend, we alternatively used '*tiru hiwet*' (good life) and '*metifo hiwet*' (bad life), respectively, during the discussions. The steps we followed were outlined in the fieldwork manual and the results in the data submitted.

SEASONAL CALENDAR AND FOOD BASKETS

In order to establish the changes in prices and their impacts on the lives of the people, we used 'event timelines'. We tried to establish how prices have changed in the last five years and how people were responding to them. We used the same tool for establishing government policy responses over the years.

To compare price changes over seasons and how they impact urban and rural communities differently, we adopted 'seasonal calendars'. We used these in FGD and interviews with key informants and in household cases. We mainly focused on grain producers in the rural area and

grain traders in urban area, both of which have a good knowledge of prices changes between seasons.

During the discussions relating to the changes in prices over years, we used 'food baskets'. We applied these mainly to the households, who were able to list the prices of food items they bought at a specific period. This helped us to understand the change in prices over time and community-level differences.

DATA COLLECTION

We began our fieldwork activities from the second week of August 2012 and continued for about 20 days. We recruited two researchers per site (one male and one female in each) who have a high educational background (a second degree) and extensive fieldwork experiences in qualitative research. Researchers spoke the language of the respondents. In FGD, one researcher facilitates the discussion while the other takes notes. In individual interviews, each researcher facilitates and records by themselves.

We trained the researchers on the fieldwork guidelines, research ethics, daily data collection activities, deliverables, expected outputs, and report writing. We used digital audio recorders to supplement the detailed field notes and digital cameras to take pictures. Immediately after the fieldwork, we organized a debriefing session to highlight the major insights from the data collection processes.

RESEARCH ETHICS

We adopted the research ethics of the *Life in a Time of Food Price Volatility* project and the researchers were trained to apply the ethical guidelines in the field. They asked research participants for their consent once informing them of the purpose of the study, the time the sessions could take, the confidentiality of the data, and the anonymisation of identities, etc.

DATA MANAGEMENT

Data was generated in audio, written, and picture form. Written reports were produced, supplemented by the audio translation from local language into English. All data are labelled with the pseudonym of site and respondent. The complete list was sent to IDS.

As all details of data transcripts are already sent (to IDS), this report only highlights the major issues of the fieldwork. As indicated in the outline of the report (which is adopted from the IDS guidelines), it indicates the contexts, methods/approaches, major findings, and policy implications. As this is qualitative data, comprehensive findings of the study will be analysed from the transcripts.

3 THE RESEARCH SITES

Based on some of the selection criteria provided in the methodological guidelines for the project, we selected two sites – one urban, from the capital city Addis Ababa, and the other rural, from Oromia Region. Sites are selected based on administrative divisions in Ethiopia – these districts are known as *wereda* and are composed of a number of wards known as *kebele*.

The majority of those living in the study communities, like others in the country, are affected by FPV, which are primarily caused by the global changes in the price of fuels, high costs of inputs, increasing production costs of consumer goods, inflation in the country, and, people believe, by a conspiracy of ‘greedy’ traders. The price increases had been widely noted since the Ethiopian Millennium (2007/08) when there was drought in many parts of the country, including in the rural study site. The rural site was greatly affected by successive droughts, increased prices of inputs, and land shortages, and most people in the urban community were affected by low incomes and increases in prices of food items. Some background information on the two study sites is provided below.

THE URBAN SITE – ET01

The urban study area is a *wereda* in a Kolfe Keraniyo sub-city of Addis Ababa. The 2007 national census indicated that nearly half a million (428,219) people live in this sub-city, but the census did not provide a figure for the *wereda* (CSA 2008).

In the urban community traders, civil servants, pensioners, vendors, house renters, grain sellers, vegetable growers, daily labours, etc. with the economic status of rich, middle, poor, and very poor, live together. In trade, there are rich merchants, middle-level traders who own shops, and *gullit* (street vendors) traders. Some earn their living with petty trade and small businesses organized with the help of the *wereda* administration which provided skills training and credit services. They are engaged in wood and metalwork, construction, tailoring, food processing, cobble stones, and other income generating activities, and are generally improving their lives. Indeed, the costs of food items have been increasing such that some people work for more hours and for better profit. In contrast, those who are unable or unwilling to work longer hours are negatively affected by the high costs of living.

Some households from one neighbourhood produce vegetables and sell to the market, benefiting from price increase of vegetables. The middle-level traders/shop owners are also experiencing a better life than the other sections of the community. The small traders (*gullit*) and daily labourers are more negatively affected by the price increases.

The other groups of the community are those who rent houses and those who depend on the income earned by their children. There are people who rent their spare houses and increase rates as the cost of living increases; these people often benefit from the high cost of living because they don’t reduce the rate when food prices decline momentarily.

In general, the community provides different work opportunities, and consumer goods are available in different shops and markets in different neighbourhoods. People can be engaged in trade at different levels such as in daily labour, vegetable growing, wood and metalwork, and construction. The area is very close to the largest market in the country where every item for work and consumption can be easily accessed.

THE RURAL SITE – ET02

The rural site is located in Adami Tulu Wereda, Eastern Zone of Oromia Region. According to the national census of 2007 the *wereda* which includes the research site (the *kebele*) has a population of 142,861 (CSA, 2008).

Approximately 95 per cent of the people in the community are dependent on agriculture and the majority of the population earn their living through rain-fed farming. According to the key informant, the *kebele* leader, about one-third of the population has access to irrigation farms and produce vegetables. Those who are closer to a local lake are engaged in farming and irrigation and this has been expanding with the technical support of agricultural development agents. As the road from Addis Ababa to Hawasa (the capital of SNNP) crosses the community, many farmers sell onions and tomatoes on the roadside and have improved their lives in recent years. These people are producing a variety of crops and vegetables both in the irrigated and non-irrigated farms; they are becoming model farmers and are positively changing the lives of their families; and many of them have constructed their own house in the town with private electricity from a generator. Some of them have bought a *bajaj* (auto rickshaw).

In the past, farmers were predominantly cattle breeders. Now, due to the shortage of grazing land and droughts, the number of cattle owned by individual farmers has declined, although there are still households in the community which breed cattle, goats, sheep, and donkeys.

Only the older people own land as they were able to secure it through land distribution carried out during the Derg regime (1974–1987). No land has been distributed to the farmers since, so young people cannot access farmland unless they share with their parents. Sharing of land across generations has made its size too small for households to depend on farming. Overall, the older generations are better-off in terms of land size and livestock ownership; however they are reluctant to use modern inputs.

The younger generation is the most energetic but also the most impoverished section of the population. They have the knowledge, skills, and interest to improve production but they do not have enough land and are forced to rent the land from the land owners. As the price of land rent increases, most of them are unable to afford to contract a large plot of land.

The community faces some major challenges, in particular, drought. This community and the *wereda* as a whole are characterized by a shortage of rain; it rains from June to August and the rest of the year remains dry. The dry season affects both farming and animal husbandry. In 2008, there was a serious drought which affected many households; however, the government provided food aid. In 2012 there was also a delay in rain – it only started in the middle of June, but maize and sorghum should have been sown in April and May. People did not expect good crops and there was great concern among farmers that they may not get assistance this time because the government has stopped providing food aid in the last few years.

The other challenge is the high level of unemployment among the youth after completing secondary school. The government declared that young people should be organized into small-scale enterprises and create jobs for themselves, but it seems difficult to succeed in rural areas where there is little land and few business opportunities.

4 NATIONAL CONTEXT OF FOOD PRICE VOLATILITY AND POLICY RESPONSES

In the last two decades, the Ethiopian government has executed two Poverty Reduction Strategy Papers (PRSP) and is currently implementing the third PRSP. The Sustainable Development and Poverty Reduction Programme (SDPRP) was in place for three years (2002/03 to 2004/05) and was followed by the five-year Plan for Accelerated and Sustained Development to End Poverty (PASDEP) covering five years (2005/06 to 2009/10). PASDEP advanced SDPRP's objective of commercialization of the agricultural private sector.

The Growth and Transformation Plan is the third PRSP programme and covers the period 2010/11 to 2014/15. It endeavours to achieve development through export-led industrialization to transform the economy from subsistence agriculture into industry. All the three programmes aim to achieve the Millennium Development Goals in poverty reduction in the country. The GTP boldly envisions ensuring national food security by 2015 and plans to move the country from a low-income country to a middle-income country (World Bank country classifications) by 2025.

The GTP assumes medium and high development scenarios. Under the medium growth scenario, Ethiopia's economy is projected to grow at 11.2 per cent per annum, which was achieved under PASDEP. The high growth scenario targets national economic growth at rate of 14.9 per cent. In the latter scenario, agricultural value is assumed to be doubled by scaling up the productivity of farmers.

Poverty reduction and its ultimate eradication are the overriding development agenda of the government. The first step in poverty reduction is ensuring the food self-sufficiency of its population. This is because food-poor households usually fall below the food poverty line. Food poverty utilized as one measure of poverty and addressed directly helps the poverty reduction strategy. The government's ongoing programmes and interventions in pro-poor sectors such as rural development, food security, water, health, and education seem to have contributed to the decline in food poverty (MOFED, 2006).

The development programmes of the government recognize that food insecurity has a direct impact on poverty reduction. They consist of food security programmes aimed at addressing the household food shortages emerging from poor agricultural production and price increases. For example, PASDEP aimed to reduce vulnerability through diverse measures. It advocated an increased variability in crop production and overall food availability, more irrigation and water control, diversification of crops, and better integration of markets, transport, and information links. Furthermore, PASDEP aimed to maintain macroeconomic stability, expand off-farm employment and income-earning opportunities, and improve the functioning of credit markets. PASDEP also introduced innovative measures such as experiments with crop and weather-based insurance mechanisms. All these actions were aimed at helping the national Food Security Programme, designed to manage the shift away from the cycle of dependence on emergency relief (MOFED, 2006).

Despite strong economic growth over the past decade, most farming households still remain vulnerable to shocks and food insecurity. Protracted droughts and increasingly frequent food shortages are putting agricultural livelihoods at risk. Due to low agricultural production, many rural households become net buyers, leading to an increase in the price of food items. The rain-fed subsistence agriculture is usually vulnerable to droughts, flooding, pests, and other risks. In response to this, the Ethiopian government launched the Productive Safety-Net Programme (PSNP) in February 2005. The programme has the objectives of reducing household vulnerability, improving resilience to shocks, and promoting sustainable community

development in food insecure rural areas of the country. The first phases of the programme (2005–2009) brought about some positive impacts on household and community asset building; it helped around eight million food insecure people in the country and some have graduated from the programme in the process. Only some households in the rural study site were covered by the programme, but after a few years the cover stopped as they were reportedly able to feed themselves.

The second phase (2010–2014) has merged with another programme called Household Asset Building (HAB). In this phase the aim is to improve the effectiveness and efficiency of the two programmes for chronically food insecure households in rural Ethiopia. This second phase provides safety net grants – both public work and direct supports; risk financing – providing additional resources to allow the programme to scale-up in response to shocks; institutional support to the PSNP – capacity building and management; and support to the HAB programme.

For the fiscal year 2012/13, the government planned to address 6,889,880 beneficiaries in the country – a 10 per cent reduction from the previous year because of graduation of some households from the programme. Of the beneficiaries, 16.7 per cent benefit from the direct support component while the rest are required to undertake public work to receive the support. The total number of planned beneficiaries for the year 2012/13 in Oromia Region is 1,300,003, of which 11,181 are from the *wereda* where the study area is situated (MoA, 2012). The programme covers about 8 per cent of the population in the *wereda*.

5 LOCAL FINDINGS ON FOOD PRICE VOLATILITY AND PEOPLE'S RESPONSES

In this section the major findings of the study are presented. It focuses on ill/well-being, life challenges caused by FPV, coping strategies used, social protection, and some suggestions for improvements made by the respondents.

5.1 Well-Being in the Communities

During the group discussion, participants were asked 'what does it mean to live well (have a good life) in your community? What does it mean to live a bad life in this community?'

Summarized answers from the group discussion are present in Table 2 (rural) and Table 3 (urban). Rural households consider having necessary agricultural resources as indicators of well-being. These include having motor pump irrigations, livestock, and access to improved seeds and fertilizers which increase the productivity of their small land holding. For the FGD participants, households considered to experience a good life are those who use improved seeds and fertilizers to produce surplus food crops (i.e. both for the market and for household consumption), have two oxen for farming, a donkey cart, and a better corrugated iron home (Mixed FGD, ET02 site).

Table 2: Well-being and ill-being indicators (rural group discussion)

Rank	Well-being (good life) indicators	Ill-being (bad life) indicators
1	Having a motor pump and to produce using irrigation	Being homeless
2	Having oxen for the farm	Being lazy
3	Having a donkey cart	Exposed to addictions (alcohol, chewing <i>chat</i>)
4	Having a house with corrugated iron sheets equipped with the necessary materials and household utensils	Lack of oxen for farming
5	Able to produce better using improved seeds and fertilizer	Lack of farm land

Very few households however, have the listed properties and hence have a 'good life'. Some also indicated that having a donkey cart would help to generate some income by transporting grains and other produce from the field to their home or markets. Moreover, households who live in a house with corrugated iron and full of necessary household materials are considered as better-off in the community.

In the community those who are considered to have a 'bad life' lack basic requirements, suffer difficult personal behaviours, and have scarce farming resources (land and oxen). There are some people living in poverty who do not have land or money to build a house. Some are too lazy to make use of the available resources and, for example, may not prepare their land in time and are not hard workers, leading them to having lower or little produce during the harvest seasons. Others also waste what they earn on alcohol, *chat*, and other addictive behaviours.

These behaviours are considered to be more responsible for causing a ‘bad life’ than lacking basic resources (see Table 2 ranking).

In urban areas, the indicators for a ‘good life’ relate to having a house, food, car, and investing in their own children by sending them to school (see Table 3). Those whose life is ‘bad’ are those with a low income (insufficient to provide for their family), unable to send their children to school, and lacking basic necessities (food, clothing, and housing).

Table 3: Well-being and Ill-being indicators (urban group discussion)

Well-being (good life) indicators	Ranking	Ill-being (bad life) indicators
Having house	1	Low income
Enough food	2	Not sending children to school
Sending children to good schools	3	Lack of enough food
Having a car	4	Lack of enough clothing and shoes
Having social life	5	Lack of good house

One major difference between rural and urban households in their perception of well-being is that while the former focused on agricultural productive resources, the latter emphasized the need for basic consumption and income. In both cases, however, the major concern is the ability to afford the basic consumption resources, mainly housing and food. Inability to feed one’s own family has been discussed in group and individual interviews and is a major indicator of living a ‘bad life’ or ‘ill-being’; this is discussed in the following section.

5.2 Food price increases and life challenges

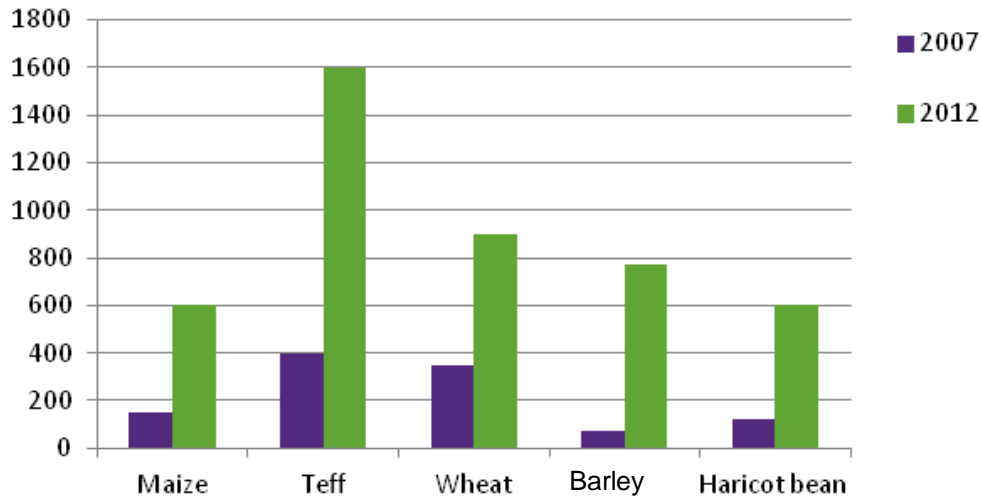
The real experiences of life challenges caused by increases in food prices were explored using all the methods and relevant tools. The changes in the last five years were also established using *timeline*, *food baskets*, and *seasonal charts*. We asked respondents, in groups and individually, about the prices of food items in their respective communities and households and they provided the information based on recall.

In both the rural and urban areas, the price increase of food items was associated to the Ethiopian Millennium of 2000 (September 2007) which was preceded by a drought. Food prices increased remarkably during the Millennium festive season. In the urban areas, the major change was an increase in the rent of housing due to guests arriving from abroad in great numbers for the festivities. In the rural areas rainfall failure, an increase in the price of inputs (fertilizers, selected seeds, and pesticide), and the apparently unfair profit-seeking by grain traders were blamed for food price volatility over the previous five years.

Group discussion participants from the rural site provided the timeline for the increase in the prices of food items in their communities. It began in 2008 with rain failure and a reduction in harvest, followed by fair rain in 2009. Then, in 2010 there was a good harvest but in 2011/12 there was a big increase in the price of inputs (seeds and fertilizers). The *kebele* leader reported that there was a big difference in the amount of agricultural inputs between 2011 and 2012. For example, the price of a quintal (unit of weight equivalent to 100kg) of selected wheat seeds increased from 860 birr (Ethiopian currency) to 1,130 birr; selected maize seeds from 800 birr to 1,400 birr; and fertilizers from 1,120 birr to 1,500 birr in 2011 and 2012, respectively. A noticed trend was that despite an increase in production in some years, food prices rarely declined because the costs of inputs were very expensive and demand for grains from towns was far higher.

Food price volatility over the last five years is very much visible in the community. Using the *food basket exercise*, Figure 1 shows the radical change in food prices between 2007 and 2012. For a good comparison we used data from women group discussions from both the rural and urban sites.

Figure 1: Changes in food price cost per quintal (in birr) in the rural community over five years, based on recall



As indicated in Figure 1, over five years the prices of food items have quadrupled. For the majority of rural households who do not produce enough they are hugely affected by the price volatility of the staple food grains such as maize, *teff* (grain), barley, and haricot beans.

Similarly, the change has been significant in urban areas (see Table 4). The basic food items including *teff*, wheat, food oil, sugar, red peppers, *shiro* (ground beans for stew), tomatoes, onions, and *injera* (leavened bread made from *teff* flour) have become very expensive within the last five years. Most people who could not afford to buy grains and prepare food at home usually buy *injera* and some *shiro* for stew from vendors on a daily basis.



Figure 2: At present people rarely buy grains in quintals but in kilograms

Table 4: Changes in food basket prices in an urban community over five years, based on recall

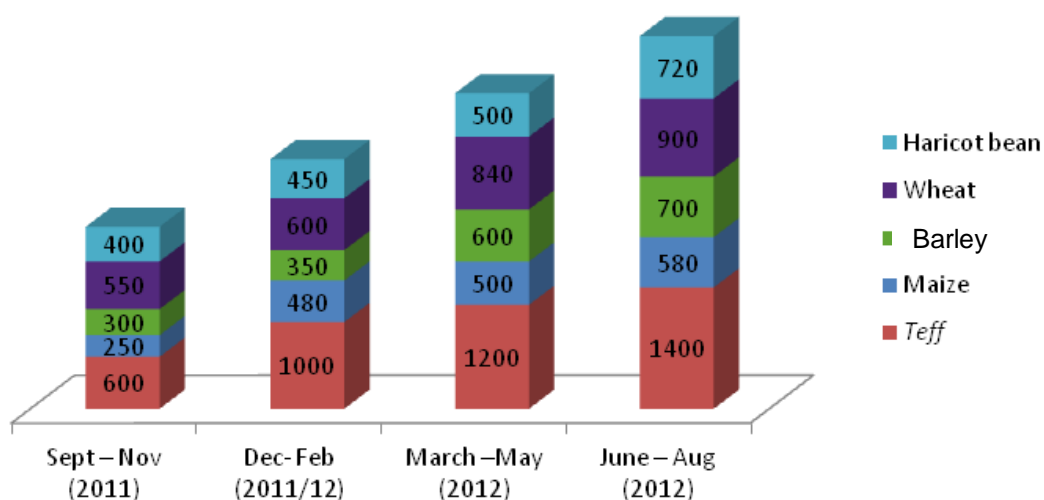
No	Food item	Measurement	Price in birr (2007)	Price in birr (2012)
1	<i>Teff</i>	1kg	7	16
2	Wheat	1kg	3	10
3	Food oil	3lt	37	71
4	Rice	1kg	7	15
5	Sugar	1kg	6.50	15
6	Red peppers	1kg	25	50
7	<i>Shiro</i>	1kg	3	25
8	Tomatoes	1kg	1	12
9	Onions	1kg	1.50–4	15
10	<i>Injera</i>	1pcs	0.50–0.75	2.50–3

Before 2007, a family could buy five pieces of *injera* with 2.50 birr (\$0.13), however in 2012 the same amount of money can buy just one piece of *injera*. The price of a kilogram of *shiro* in 2012 was more than eight times its 2007 level.

Following the growing limitation in buying capacity of consumers, shopkeepers are using different measurements for food items. For example, in the urban community, a three-litre measure of food oil used to be bought for only 37 birr but is now priced at over 70 birr. As people are increasingly unable to afford to buy it in bulk, shopkeepers have started retailing at a rate of three birr per spoon. Another example are Abu Walad biscuits (a popular brand) which are packaged in two plastic bags within a box; three years ago the boxes were sold at three birr each, but now the price has doubled and most cannot afford to buy the product. Shopkeepers are now splitting the contents in two and selling each bag for three birr.

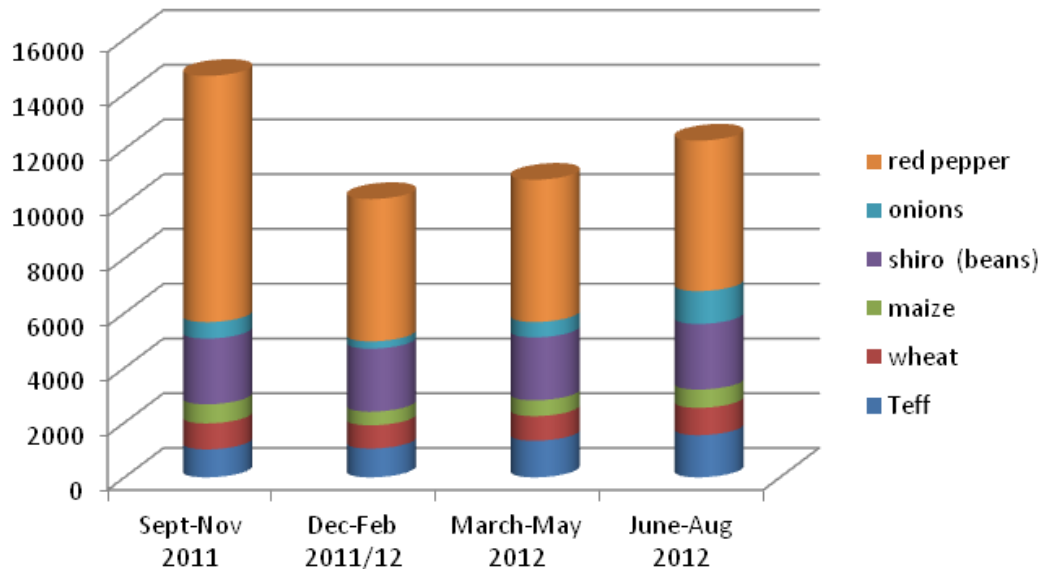
The other aspect of the price increases are their variability over the seasons. Data from both urban and rural communities are presented in charts (Figures 3 and 4) to depict these seasonal changes. The rural data is extracted from the group discussions with farmers and the urban information is obtained from group discussions with grain traders.

Figure 3: Seasonality of food prices (cost per quintal in birr) in a rural community (2012)



The general trend in Ethiopia is that food items get cheaper in autumn but become very expensive during the summer. Autumn is a harvest season when most of farmers collect their harvest and make it available for market. Even people living in poverty in rural areas can have some produce for consumption and rarely go to market to buy the crops.

Figure 4: Seasonality of food prices (cost per quintal in birr) in an urban community (2011/12)



Food price instability seems to be more severe for the rural households than their urban counterparts. The data shows a decline in prices in the harvest season with a sharp increase over the next quarters of the year, reaching their highest level in the summer. The data from the fieldwork indicate the main reasons behind such volatility. First, during the harvest season farmers sell their products in bulk because they need some money for non-food necessities. Parents need to send their children to school and this incurs some expenditure for school contributions, clothing, school materials, etc. Moreover, some taxes such as land tax are expected during this season. Other membership contributions and social events often require some money and farmers have to sell their produce. A woman from the rural sites summarized this by saying:

Farmers usually sell food crops immediately after harvest season (i.e. in November or December) to cover a number of expenses. They need to cover costs of inputs, tax payment, and school expenses for children, clothes, purchase of spices for consumption (etc.) Food crops are also sold to cover social contributions such as Iddir, for marriage ceremonies and other festivities. As a result, the price of food crops declines immediately after harvest season. At times they may not cover all these costs

(Hake, ET02 site)

The biggest expense for farmers is the costs of inputs (improved seed, fertilizers, and pesticides) obtained on credit during the preceding summer. Rural households have to take their outputs to market in bulk to meet such expenses, and the supply exceeds the demand, making it cheaper.

Second, 'collusion of the traders' is blamed for the seasonal volatility. Grain traders indirectly regulate the market and buy grains at cheaper prices during the harvest seasons. Some have reported that the income they get from the sale of their produce does not cover the production costs. Over the seasons, however, those farmers who are poor end up becoming grain buyers, adding to the already existing urban buyers. Following this, what people call the *sigibgib negadewoch* (literally meaning 'greedy traders') sell grain they hoarded during the harvest

season for high prices. Traders have put their network from the capital city to the farming communities and control every aspect of the market. They regularly update each other on the prices and sometimes manipulate it to their advantage. 'Grain traders negotiate when they buy food crops from the farmers, but they are not willing to negotiate when they sell it to consumers. They fix prices' (Youth FGD, ET02 site). Many have blamed mobile telephone technology which has made it easier for frequent contact among those who manipulate the prices. Traders are considered to have no sympathy for struggling farmers. One farmer says '*Kan Unataa Kan tuqata hin beku*', meaning 'the one who eats well does not know the feelings of the one who is hungry' (Hassen, ET02 site). These practices are increasingly common of late.

Other reasons for increasing prices during the summer include the low produce of farmers and increasing salaries of civil servants. Farmers complained that the richer farmers have access to big farmland and irrigation fields; referring to the unfair control of the land resources in the community by the few rich farmers, one of the group discussion participants explains '*mukan deba nuqaqu*' (Shekaw, ET02 site), meaning 'our enemies are living with us and attacking us.' All agreed that the majority of households can cover food needs from their small farmland only for half of the year and for the rest they depend on the market or other aid. In general, the price changes over the seasons affect the farmers most; they sell their products cheaply during harvest months but must buy them at a higher price later in the summer. The salary of civil servants increases every year and it has given them a better capacity to buy at higher prices

5.3 Coping strategies

People living in the context of FPV adopt different coping strategies. These mechanisms could be at individual, household, or community levels, or may include resorting to wider social protection structures. Those who are affluent can easily sell their livestock or other propriety to buy food items, whereas those living in poverty must often resort to other means.

5.3.1 Reduced consumption

The first step many people take to cope with the effect of higher food prices is to reduce the quantity and quality of food they consume. Many households have reported that during food shortages some or all of their family members may skip certain meals or eat smaller portions. Even children are not encouraged to eat enough. A mother from an urban FGD of women said that 'in the past children were welcomed to eat as much as they can; now they are not encouraged to consume more food. Instead, their mothers get angry when the children ask for food and say *afar bila!* (eat the soil!), because of their inability to prepare enough food for the children.' For the adults, it is worse. When telling his recent experience of food insecurity, Sese, an elderly, urban household head who lives in poverty explained:

For example yesterday I went to work in the morning. I waited for the whole day looking for a job; I got 10 birr at 2pm. I gave the money to my wife and told her to buy kocho (flat bread made out of false banana). I ate dinner on the previous day and again I ate dinner in the other day evening after staying 24 hours without any food. At that time I closed my eyes, I felt dizzy and my tears came. I drank some water. My wife baked the kocho and I ate it. I drank some water and got relief. Then, I slept.

(Sese, daily labourer, ET01 site).

Sese worries because his wife does not share his concerns and does little help to improve their life; she expects everything from him. Respondents reported that during the harvest season they eat the best traditional food available – *injera* made out of *teff* grain with meat stew. However, when food is scarce they reduce the quality of their meals, instead consuming *injera* made of maize or barley in rural areas and bread made of wheat in urban areas. Most households feed their family members *shiro* sauce all the time instead of meat or eggs. The price of *teff* is more than double that of the other food grains.

Tire is a 40-year-old woman who feeds seven members of her family by selling *injera* and dry leaves for cooking; she is struggling but hopes her daughter who recently moved to an Arab country will help her in the future. She explains how the food consumption of her family has been affected:

We are suffering from food shortage. When I do not have food oil, sugar, or even shiro, we eat only a piece of bread with no stew... If we get food today, we may not have tomorrow. If we eat in the morning, we may not in the afternoon... we don't eat teff or injera, but rather a piece of bread because we buy flour from the kebele... we don't use food oil or onions for stew... when I take 100 birr to market to buy food items it buys what 1 birr would have in the past.

(Tire, woman, ET01 site)

An interesting point to note is that Tire buys *teff* and prepares *injera* for 'sale' but her family members do not eat from it because it is expensive; instead they consume bread.

Some see a positive outcome from the food price increases; they have learned from life that 'saving' is an important coping strategy for poor people. Respondents said that people are changing their behaviour by learning how to save from their daily food consumption and money they earn. Many have reduced or stopped spending on social events and religious ceremonies in the way they used to do. A significant number of families used to drink coffee two or three times a day and have now stopped altogether. Some young boys who used to eat in restaurants are now cooking at home to save money. In Ethiopia, men rarely cook food as it is traditionally considered a 'woman's duty'.

5.3.2 Community-level support

Community members traditionally help each other. In times of shocks or crisis the first thing households used to do was to ask help from neighbours or relatives. For example, in the rural areas, if a household loses its ox, people contribute some money to buy another one. Others would help farm the land of those who do not have oxen. Borrowing some grains or cash from those who have enough has been a common practice. However, over the years such practices have declined. This is mainly because there are few people who can provide such support. Furthermore, people indicated that nowadays people are becoming 'individualistic' and would rather accumulate than share with others. Instead of giving for free, the rich lend the poor some crops or money with high interest rates which they repay during the harvest seasons.

In the rural areas, one community-level method of support has been the practice of *debo*. *Debo* is a collaborative work where households organize their labour and work in one household in need, in turn. It has been very useful because those with scarce labour can perform all their agricultural work in a day. It helps to harvest in time. This practice is sharply declining however, primarily because the host association has to prepare lunch and some drinks during the *debo* day and due to increases in food prices, only a few can afford to do so. Even those who can afford this practice are instead opting to hire wage labourers. *Debo* hosting households, usually those who are better-off than other hosting households, indicated that the work done by the *debo* members is not good in quality and there is no way that the host can complain because people come to help for free. Nowadays, they would rather hire daily labourers and control the quality of work.

Another community-level self-help organization is the *Iddir*, a burial association where members contribute monthly fees. When a member of a family dies money is drawn from the *Iddir* and given to the bereaved for burial ceremonies and other costs. But of late, the services have been extended to other areas of support. For example, a member can borrow some money from the *Iddir* to buy an ox or replace property lost due to theft or fire, for instance.

There are also unorganized momentary sources of support in the communities, where people respond to food problems. For example, the school in the urban community has provided school

meals for poor children over the last year; it responded to the increased hunger of the students which was causing them to sleep during class, hindering their learning. Teachers in the school contribute money from their salaries to buy food for these students.

5.3.3 Diversification and additional income generating activities

In times of food crisis, families try to earn more than they usually used to do. Many farmers reported to be able to meet these higher costs of living by becoming increasingly involved in off-farm activities. Some hire land for irrigation and grow vegetables, while others become involved in petty trade, or undertake paid work in the communities or in towns. In the rural community, members of households buy vegetables from the irrigation fields and sell them on the roadside, making some profit. The main road from Addis Ababa to the southern part of the country has created some opportunities for the farmers, as those passing by purchase the cheaper vegetables from the farmers who vend on the roadside.

Others send their children to wealthier families to work as housemaids or labourers. Many young girls from the urban community have moved to Arab countries and it is often the desire of younger girls to work abroad as their families may encourage them and facilitate the move. Most of the young people who participated in urban FGD have migrated from rural areas in search of work; they cope with the changes by sharing a rented room and the food they eat; by doing more labour work; and by saving as much of their earnings as possible in order to send some money back to their families who continue to live in the rural areas.

5.3.4 NGOs and other informal support

There are some local and international NGOs who provide some support in the communities. However, their capacities are very limited and people do not consider them as reliable social protection structures. The beneficiaries of the NGOs are identified by officials from the NGOs together with volunteers and community representatives (elders, women, and youth), making the targeting fair and effective.

In the rural community, Sustainable Environmental Development Action (SEDA) has been helping those living in poverty for some years. It has provided hand-wheels, goats, oxen, and motor pumps for irrigation to households. Motor pumps are often given to the association member households of irrigation schemes. Other institutions such as International Development Association (IDA) and Bussa Gonofa Micro Finance Institution (BGMF) have provided hand-wheels on credit to collect water from the ground. IDA also assists farmers with loaned cash to buy necessary items; beneficiaries reported being unhappy with IDA as it acts like an NGO but it charges money for the materials it provides. BGMF has been providing credit for those who can provide collateral; the interest rate for 1,000 birr is 24 birr per month and the repayment of the credit should be completed within six months.

Though the NGOs provide some support, many are not happy about their methods of implementation. Some community members complained that officials and the NGOs provide more support to those who are better-off instead of the poorest people. One poor farmer said that 'when NGOs come to the locality, they first position themselves in front of the home of a better-off family, not that of the poor. NGOs provide motor pumps for the better-off.' (Hassen, ET02 site). The point is that poor people get some subsidiary support but the 'development' supports go to the better-off. The poor people of the communities cannot afford to have collateral and don't have the capacity to repay the loans, widening the gap between poor people and those who are better-off. Respondents expect the government to intervene and support those living in poverty.

In the urban community, there are various NGOs providing support. Christian Child Fund (CCF), which began to operate in the area four years prior to the study, donates school materials for children from poor families, providing them with exercise books, school uniforms, and blankets.

CCF also used to provide food for the children but have now stopped. Friendship for Integrated Development Association (FIDA) is another NGO which provides support to children who are identified to be too poor to go to school, providing them with money every three months for school materials. FIDA constructed one kindergarten in collaboration with the youth association in the community.

In general, the support provided by the NGOs is not appreciated in the communities. Their support is irregular, insufficient, unfair, and not focused on dealing with FPV.

5.4 Government response

There were no organized social protection programmes run by the state in either community. Local government primarily coordinates the work of NGOs, provides certain public services, and enhances community-level self-help initiatives. Nevertheless, in the last five years, the government has tried to respond to the increasing price of food items. In the short-term, interventions have tried to stabilize food prices, focussing on public awareness creation, establishing consumer/producer associations, regulatory measures, and control of 'conspiring' traders. In the long term, engagement has focused on enhancing the purchasing capacity of the community members.

In the rural community there had been a food security programme for some years, but it had now stopped. The PSNP, run by the federal government, targeted food insecure households and provided some grain or cash for them, and in return the households provided public work for certain days of the year. The programme ceased as households apparently became self-sufficient in food. However, this study has shown that many households have failed to fulfil their food needs amid droughts and increasing food prices and many households are keen to see the programme reinstated.

Of late, irregular methods of support have been provided to vulnerable households in the community. Following the 2007 and 2010 rain failure, households were exposed to food shortages and local government responded by providing some households with food grains and food oil for about three months. Though the support was very helpful for those who were very poor, the amount was insufficient and many had to help themselves.

The local administration has been hugely engaged in initiating long-term solutions. One strategy is telling farmers to use their yields properly in both consumption and selling. The *kebele* leader explains that they 'tell farmers not to sell their crops unless they are sure that they have reserved enough food for the family. Moreover, people should increase productivity. If they are able to produce surplus, they can cope with the food price increase.' There were some efforts to protect farmers from selling their crops when they are cheaper, but they did not succeed because the farmers needed the money and had to sell their crops.

To enhance productivity, the administration tried to organize support for farmers in the community. The *kebele* leader said:

We have been working hard to motivate farmers to use modern production inputs. Some years ago, we urged the farmers to use compost, but this year the focus is on the use of chemical fertilizers. We are teaching them to weed the crops on time. We urge them to sell their cattle and buy fertilizers because when production increases they can buy the cattle next year by selling crops.

Since 2008, the administration has coordinated the distribution of livestock, motor pumps for those who have irrigation lands, and manual water pumps for backyard vegetable growing. Some households have benefited from the increased production of vegetables from the irrigated farms, the schemes have attracted wage labourers from the community, and others buy the vegetables from the field and sell them for profit on the roadside. Irrigation schemes have been

very useful in coping with food shortages. The provision of livestock to female-headed households and the youth has also been very helpful, particularly as they breed the livestock and sell them to buy food items.

Community members do see limitations however; the irrigation lands belong to a few better-off households and the poorest people can only work as wage labourers – this has created a big gap in the community. Another negative outcome is that those who work for cash are increasingly neglecting their farmland and instead prefer to depend on wage income.

Furthermore, farmers were advised to use modern inputs (seeds, fertilizers, and pesticide) which they found difficult to buy because they have become very expensive. Some said that their land is ‘addicted’ to fertilizers yet they are unable to continue purchasing them because of the high prices. The older generation is also reluctant to use modern inputs and the administration had to do much orientation to convince those who can afford newer methods. The *kebele* leader explained that ‘the older people have enough land but they do not accept new ideas, new technology, and resist any change.’

In the urban community, the local government tried to stabilize food prices through regulatory measures, establishing consumer associations, supplying food items through local community shops, and taking legal measures on those who ‘conspire’ to raise prices. As a part of the national policy of stabilizing food prices, the local government has carried out three major activities in the last five years. First, in 2007, it established Kebele Consumers Association, whose membership is open to all who need it. The association sets up shops in the community and supplies food items at relatively cheap prices compared with the free market. Member households can buy sugar, wheat flour, food oil, and other consumer goods monthly. Membership requires having dwellers’ ID cards and paying a one-off membership registration payment of 110 birr (\$5.75). Second, since 2009, the local government supplied consumer goods to public shops regularly. As sugar is manufactured in factories owned by the government in the country, it was much easier to distribute them to community shops. Another big government agency, Grain Trade Enterprise, also supplies food items in the community shops. Despite these two interventions, the government struggled to control prices to target levels.

The third method of stabilizing food prices implemented by the local government was the tightening of its control over the conspiring traders who hoard food in their stores; this intervention had been taking place since 2010. The traders were forced to supply to the market at a reasonable price which were levelled in all towns in the country. The impact of ‘greedy’ traders was evident by simply comparing the price of *teff* in the two communities: in autumn 2011, the price of a quintal of *teff* was about 600 birr in the rural community, whereas it was 1,020 birr in the urban community. Price control was not successful, however, and the government had to stop.

These interventions (with the exception of the failed price control) proved to be useful and appear to be sustainable, although poorer families still experienced some limitations in accessing them. First, goods were not always available when they were needed; the community shop often ran out of stock and beneficiaries had to go to other shops to buy items at higher prices. Second, the standard quantities of items for sale in the community shop are not affordable for the poor; wheat grains are sold in quintals, food oils in litres, and sugar in kilograms, which poor people cannot afford. To overcome this problem people sometimes purchase in groups, but it is not always easy to get enough people to buy a quintal of flour or litres of food oil. Food items were not available in affordable quantities; those who had some money stood to gain the most benefit. Furthermore, those who could afford to buy these food items could re-sell them in smaller quantities to those who are very poor, but at higher prices. Many who are in need of cheaper food items are not members because they are unable to afford membership fees or do not have ID cards.

The local administration is greatly involved in mobilizing community members to undertake hard work, develop saving habits, organize themselves in groups, and start micro-enterprises. It facilitates space for cooperative activities and credits for the youth and women in the community. It all aims at strengthening the purchasing power of the community members rather than trying to control prices, which has proved difficult. This is further discussed in the next section by taking the example of youth development.

6 THE FUTURE OF YOUNG PEOPLE

The additional topic focuses on the future of young people in the communities. Data was collected from all respondents but mainly from the group discussions with young people organized in both communities. In both communities, young people stated that they had been in school with the aspiration of having employment. Parents send their children to school with the hope that they would help them move out of poor livelihoods. However, because of poverty most were not able to progress and those who finished secondary school were not able to get jobs. Furthermore, 'the prices of school uniforms and exercise books are too expensive. We are unable to educate our children due to the high cost of living!' (Shekaw, ET02 site).

Thus, most students had to drop out and engage in agricultural activities or in daily labour in urban areas. Young people increasingly lack other options when they fail in their education, mainly because they have a limited access to land. As discussed earlier, farmland was distributed decades ago, leaving the younger generation without access unless their parents shared their smallholdings with them.

In recent years, the government has adopted a policy to help the young people get access to credit and land by becoming organized in cooperatives. The support provided and the magnitude of the challenges was presented by the *kebele* leader:

The challenge is that there are many young people who completed secondary education but without jobs. The government planned to organize the young people in small-scale enterprises and create jobs for themselves. But I do not think this can be successful in the rural areas. Last year, we organized 27 youths in irrigation cooperatives but there are more than 100 youth in the community who seek jobs... But we do not have sufficient land to organize all in cooperatives

(*Kebele* leader, ET02 site)

The administration, in collaboration with the local youth association, screens for those in need of support. It provides land and motor pumps on credit but with no collateral requirements. The resources, nevertheless, are too limited to address the huge need of the young people who are increasingly not succeeding in school.

In the urban community, young people participating in the FGD indicated that they wanted to achieve the highest level of education. Parents place a high value on education and they want to see their children complete at least grade 12, or if possible obtain a university degree. Both the youths and their parents recognize however, that those who finished education are not getting 'appropriate jobs'. They said:

There are university graduates who are engaged in daily labour and cobble stone projects. This in turn affects the morale of the children who think that they may not bring any change in life by completing education. Education is not useful if it cannot help to get better jobs

(Youth, FGD, ET01 site)

The FGD participants said that most have migrated into the community for work. In their rural communities, they could not get land for farming or were unable to finish school because of poverty. They undertake paid work and send money back home to help their families.

The youth view migration to the capital city with ambivalence. They felt that the picture of Addis Ababa is misunderstood by rural people, who perceive the city as a developed and with better living conditions, and young people who are attracted by what they see on TV continue to migrate in numbers. Through experience, they have realized that a good life in the capital city is not easily achieved.

On the other hand, the respondents appreciated the simple life of the city where things are accessible at a fair price for everyone. There is also a smooth social interaction. People are welcoming to migrants and they can live with no fear. It is relatively easy to get casual work, a house to rent, and food.

The youth do, however, face challenges; in particular the limited information and lack of networks for casual work. For migrants it is not easy to get information on work, houses to rent, and other necessary resources. Local youth organize themselves and take control of casual work by contracting from the owners, then subcontracting to the migrant youth at lower rates. They gave an example by stating that 'the local youth enter with owners into a contract to off-load a truck of goods for 500 birr. Then they hire others, usually migrants, for about 20 birr. They make profit without working. This is a monopoly of job opportunities and labour exploitation.'

In general, the young people seem to have high expectations initially from formal schooling. Such aspirations are shared by their parents who hoped that their children would help them move out of their poor economic situations. However, because of poverty some students could not finish school and have no jobs, remaining dependent on their parents or migrating to towns in search of a casual work. The government has been hugely engaged in helping young people by organizing them in cooperatives for irrigation schemes, small scale enterprises, or other activities by providing land and credits. Severe shortage of land (for farming, irrigation, and business) and other resources remains a challenge for the government and young people as well as their families. There is very much expectation that the government should supply these.

A positive note was that respondents indicated that young people are gradually becoming interested in hard work and developing a belief that they can change for the better. Despite this, many young people are increasingly lacking confidence in the outcome of education; because they see graduates not having 'proper' jobs, they lack the aspiration for further education. This is an alarming sign for a nation which strives to move out of poverty mainly by producing educated young people who can help transform the economy. The following section outlines the implications for policy.

7 SUMMARY AND POLICY IMPLICATIONS

The findings of this research confirm that food prices are increasing over the years. The impacts on the already vulnerable households in both rural and urban communities are becoming severe. The data also suggest that individuals and households adopt different mechanisms to cope with the impacts. The state, community-level associations, and some NGOs are also providing some support.

Nevertheless, the overall trend shows that volatility of food prices will continue to harm people at large and there is little evidence to suggest that this will cease in the near future. Consequently, more and improved policy engagements are necessary. The quote above summarizes the views of both urban and rural poor families who expected a bigger role for the government in dealing with the volatility of food prices. Based on the data, we suggest the following issues to be considered in both the short and the long term.

In the last five years, the government has responded with some immediate actions to regulate the rising price of food items; however attempts were ineffective and had to be stopped. The organization of consumer and producer associations has helped to mitigate the impact of food price increases. Association member households were able to buy food items at fair prices compared with those on the open market. The management of these associations could be improved by ensuring a regular supply of consumer goods and ensuring items are available in smaller quantities so that the poorer consumers can afford to purchase them. Previous economic policies in Ethiopia make the running of community shops easier, as the same practices took place during the Derg regime (1974–91) and thus *kebele* shops supplying dwellers with necessary consumer items were commonplace. The households in the study areas recalled these policies and quickly suggested the resuming of the practices in their areas. The government also controls the factories that produce some of the basic consumer goods such as sugar, as well as the Grain Trade Enterprise which can supply other consumer goods at fair prices.

An additional reason for food deficits and price increases in both urban and rural areas was related to the seasons. In autumn, the harvest season, farmers are obliged to take their produce to market in bulk because they have to cover non-food costs such as children's schooling, taxation, paying input loans, and other contributions. Local administrations in rural areas advised farmers not to sell their grain when prices are lower, but farmers could not afford to delay selling their crops. One suggestion would be, when possible, for the government to readjust the period for payment of taxes and debts, rescheduling payments until the market becomes suitable for the farmers. For example, farmers are obliged to sell a quintal of *teff* for 600 birr in the autumn which could be sold for 1,600 birr in the summer. Sometimes, farmers complained that they sell their grain for less than the cost of the inputs (they pay for fertilizers, seeds, pesticides, etc.). In the summer, farmers enter into the market as buyers, which adds to the demand and they would end up as losers when competing with urban dwellers who had some money from increased salaries or other means.

In the long term, it is important to enhance the purchasing power of the people by adopting a policy that could contribute to poverty reduction. The government's move to enhance productivity and youth employment is exemplary and people have put high hopes on it. However, the land issues, credits, prices of inputs, education, etc. create some barriers to improving the lives of people. Land is very scarce, both in rural areas for farming and irrigating, and in urban areas for business. There is an urgency to address the issues, though the national policy on public ownership of land still remains a challenge. Moreover, credits are given to those who need them, but without a space to trade, the outcome is very limited. Agricultural inputs were given on credit but are now sold for cash. Rural families have strongly argued that the government needs to arrange inputs transfer with credit and let them repay their loans when it is 'appropriate' (when grain prices are fairly good for the farmers). Farmers complained that their

land is too small and is increasingly 'addicted' to fertilizers. With increased prices of inputs and the sale of their outputs when prices are lower, the life of the farmers is difficult. Within the context of global price increases for fuels and fertilizers, reducing prices could be difficult. However, providing inputs with credit and arranging appropriate repayment time could help.

Another important area for intervention is addressing young people's concerns. The youth inspired by the expansion of education in the country are going to school, but many are ending up without jobs. In rural areas, both farm and irrigation land is scarce and there is no free land to distribute to the youth.

In sum, while short-term intervention could help mitigate the aggravation of impacts of food price increases for poor families, a comprehensive food security engagement is necessary. The national GTP advocates for such a programme, aimed at poverty reduction in the country in the next few years. This study provides some practical insights on how grassroots-level issues could be tackled so that national food security objectives can be achieved and households can build the capacity to cope with the ongoing food price volatility caused by global changes and local realities.

BIBLIOGRAPHY

Central Statistical Authority (CSA) (2008) 'Ethiopian Census 2007, Draft', Addis Ababa, Ethiopia: CSA.

N. Hossain and N. McCulloch (2010) 'Lessons from Q2 Research on the Economic Crisis', UK: Institute of Development Studies.

Ministry of Agriculture (MoA) 'Productive Safety Net and Household Asset Building Programs: Annual Work Plan for 2012/13'.

MOFED (2012) 'Ethiopia's Progress Towards Eradicating Poverty: An Interim Report on Poverty Analysis Study (2010/11)', Addis Ababa: Ministry of Finance and Economic Development.

MOFED, 2013. Development and Poverty in Ethiopia: 1995/96-2010/11. Ministry of Finance and Economic Development, June, 2013, Addis Ababa, Ethiopia.

MOFED (2010) 'Ethiopia: Growth and Transformation Plan (GTP) 2010/11–2014/15', Addis Ababa: Ministry of Finance and Economic Development.

MOFED (2006) 'Ethiopia: Building on Progress: A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005/06–2009/10)', Addis Ababa: Ministry of Finance and Economic Development.

World Bank (2009) 'Project Appraisal Document Protection of Basic Services (PBS) Phase II Project, April 22, 2009'.

ACKNOWLEDGEMENTS

Oxfam and IDS have embarked on a four-year research project to better understand the impact that food price volatility is having in different communities around the world. The project aims to fill the gap in evidence and understanding of the impact that volatile food prices are having on the lives of poor people living in rural and urban areas, including personal income and finance, health, social, family and security. This national research report is a contribution to that project.

This research report was commissioned to contribute to public debate and to invite feedback on development and humanitarian policy and practice. It does not necessarily reflect Oxfam or IDS policy positions. The views expressed are those of the author and not necessarily those of Oxfam or IDS.

The researchers thank the respondents who participated in this research. We also would like to express our gratitude to government officials and others who provided their help in the data collection process.

This report is co-published by the Institute of Development Studies and Oxfam International. IDS and Oxfam cannot be held responsible for errors or any consequences arising from the use of information contained in this report. The views and opinions expressed are those of the authors and do not necessarily reflect those of IDS or Oxfam policy positions.

© Institute of Development Studies and Oxfam International December 2013

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research in non-commercial outputs, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. Readers are encouraged to reproduce material from the report, but copying for any circumstances other than those listed above, or for re-use in other publications/translation or adaptation, permission must be secured. E-mail G.Edwards@ids.ac.uk.

The information in this publication is correct at the time of going to press.

Published by the Institute of Development Studies under ISBN 978-1-78118-279-6 in December 2013.

OXFAM

Oxfam is an international confederation of 17 organizations networked together in 94 countries, as part of a global movement for change, to build a future free from the injustice of poverty. For further information, visit www.oxfam.org

IDS

The Institute of Development Studies (IDS) is a leading global institution for development research, teaching and learning, and impact and communications, based at the University of Sussex. For further information, visit www.ids.ac.uk

Funded by



www.ids.ac.uk



www.oxfam.org