

Insights on economic success in rural communities (2010-13)¹

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Introduction

This chapter shows how in rural Ethiopia, entrepreneurial individuals became successful because they applied their mindset and resources to fully seize opportunities brought up by the changes, described in other chapters of this book and our research reports, in the communities' local contexts and more broadly. The evidence we present here suggests that it would be a mistake to think of entrepreneurs as an exclusively urban social category – one more sign of the 'blurring of the boundaries' between urban and rural areas which other chapters in this volume also indicate. This chapter also closely relates to and substantiates several of the points made by Vaughan in her chapter on innovation and change in rural communities.

We provide insights on economic success in twenty diverse rural communities, based on seventy individual cases². During the WIDE3 fieldwork (see the introductory chapter), success was locally defined; and there was no attempt to systematically pre-identify and research similar profiles across all communities. However, just as the WIDE communities were selected as exemplars of different livelihood systems, the profiles of individuals selected for study in this chapter were chosen as exemplars of different types of economic success featuring wide variations in a range of key characteristics. As argued in the introduction to the book, this and the case-based approach used in analysing the data, make our insights not 'representative' as a statistically representative sample would be, but likely to be relevant more widely in rural Ethiopia – as well as the conclusions and suggestions we draw from them.

The structure and main points of the chapter are as follows. We first highlight the great diversity of profiles of economically successful individuals found in the WIDE communities, arguing that this is evidence of the emergence of more complex and differentiated local rural economies in Ethiopia. We then document how economic success was usually the result of a synergy of factors, including government actions but also, beyond these, broader contextual changes as well as personal initiative, and access to some form of initial capital. Next we show that different local economic contexts nurtured individual economic success of different types; and that individual experiences of success generated broader positive knock-on effects in the local contexts³.

We then review the role of a number of Government actions in economic success experiences. We show how, in spite of drawbacks, some of these actions were on the whole seen as positive (e.g. agricultural extension services) while others were less effective (e.g. support to livestock, irrigation,

¹ The authors would like to express their sincere thanks to Ezana Amdework, lecturer at the Sociology Department in Addis Ababa University, for the very useful feedback he provided while reviewing the draft papers which led to this book chapter.

² From a range of profiles emerging in the research officers' field reports, we selected for each community the widest possible range of 'successful enough' individuals of different profiles, younger and older men, younger and older women, and individuals engaged in different types of economic activities, so as to study the trajectories of individuals of different ages, sexes and economic portfolios. Accordingly, in most communities two to four individuals were selected; with at one end, seven profiles in Aze Debo'a, not the most economically successful community but a rapidly diversifying economy with some coffee, fruit trees, a growing zonal capital nearby, and migration including abroad as an important and growing source of income; and at the other, only one case in Korodegaga, Girar and Yetmen (all three studied in 2010 when the WIDE3 approach was less well-established than for those studied in 2011 and 2013).

³ The Minister of Agriculture calls them 'domino effects', explaining that "increasing the production and productivity of smallholder farmers can have a positive domino effect on employment, incomes and poverty reduction" (Agricultural Transformation Agenda Progress Reporting covering 2011-15 in the GTPI period, Ethiopia ATA, undated).

and ‘alternative’ cash crop development, and access to credit). Yet others were perceived as rather negative (taxation and other regulations), while the potential of migration was ignored by Government. Reflecting on the resilience and sustainability of the successful trajectories found in the WIDE communities, we illustrate how diversification was a crucial strategy in this respect.

In the concluding section we build on the evidence presented in the chapter to make the case for support to individual entrepreneurship; we also make a few suggestions on how government action could be strengthened to further enhance local economic outcomes at both individual and community levels.

A wide range of success experiences in more complex local economies

What struck us first when looking at the data was the wide range of experiences of economic success we found in the WIDE communities. As illustrated by the few profiles shown in the box below, successful men could be young or older, farmers agro-pastoralists or mainly business-people/ traders or, quite often, relying on a greatly diversified portfolio of economic activities.

Women’s participation in economic activities was on the increase (as further explored by Loveday in this volume) and a number of them achieved considerable success too, in various types of activities. For those who were married, their husbands’ support usually had played a role. But there were also successful women heads of household, as discussed in the chapter on women’s economic participation.



Successful farmer’s house in Kormargefia

Box 1: Successful men in the WIDE communities

In *Girar* (Gurage) a rich middle-aged farmer had diversified his activities into both the farming and non-farming sectors - growing eucalyptus and opening a butchers’ shop - thanks to the remittances from two migrant daughters working in Saudi Arabia, then his own income.

In *Adele Keke* (East Hararge) a rich middle-aged farmer had significantly increased his income from *chat* thanks to irrigation, and diversified into non-farming activities (commodity shop for his wife, fizzy drink distribution business).

In *Adado* (Gedeo) a successful businessman, a grade 10 graduate in his early 20s, was doing well with the commodity shop that he had opened with the financial assistance of his parents. He planned to open the same business in Dilla, buy a *bajaj* and marry a wife who would assist him in the business.

In *Luqa* (Tsema) a rich middle-aged agro-pastoralist, also a champion model farmer, was producing sesame and fruits on irrigated land for cash, as well as other crops on non-irrigated land. He also kept improved cattle breeds and had invested in a grain mill which helped him to augment his income.

In *Do’oma* (Gofa) a leading young trader, who had failed to join university after grade 12, had ventured into independent trade in cash crops (banana and maize) and livestock, after serving as an agent for established traders to accumulate some capital. He also farmed half of his one

hectare of irrigated land himself with hired labour, while sharecropping-out the remaining half hectare.

In *Aze Debo'a* (Kambata) a middle-aged coffee trader, who had started fifteen years back with a small amount of money from his parents, had become successful. He engaged in shop trading using his own Isuzu truck, and in large-scale fattening of oxen in collaboration with other local farmers.

In *Adado* a still relatively young but important coffee grower had invested in large-scale local service provision, such as a bread bakery, a commodity shop and a restaurant, and in livestock fattening. In addition to the involvement of his family members he employed temporary and permanent workers to run all his activities.

A young male pastoralist in *Luqa*, in his early 30s and with three wives and 18 children, was keeping a large number of cattle and shoats. He was planning to diversify into business activity and was looking especially into establishing grain mills.

Another young man in his early 30s who was a successful agro-pastoralist from the same site was doing well from production of sesame for cash, other cereals, and some vegetables and fruits. He had diversified into animal rearing including bull fattening.

The box below, showing a few of the cases studied for this chapter, illustrates the diversity of profiles among women who did well in the WIDE communities. Beyond their position as entrepreneurs these successful women represented role models encouraging other less entrepreneurial men and women in the community.

Box 2: Successful women in the WIDE communities

In *Adele Keke* a leading though non-literate young businesswoman, started her rising trajectory from the commodity shop that she had built on her parent's land following a bad divorce (see picture below).

In *Sirba* (East Shewa) an elderly successful woman farmer was well known for her production of best quality *teff*. She was doing well from crop farming and animal rearing, with the assistance of her two agricultural labourers.

A rich middle-aged woman trader from *Sirba* as well, with her husband's assistance, had increased her income from diversified farming and non-farming activities (trading various crops, selling consumable shop products and local drinks). She hired employees for labour, had her own car for transportation, and was planning to open a big supermarket in Bishoftu.

In *Adele Keke* a rich female trader in her early 30s and not literate, was doing well and saving money from her booming milk trading activities. She had started with an interest-free credit of birr 500 obtained from the *wereda* credit and saving office, following her first divorce. At the time of the fieldwork she was planning to buy a minibus and open a wholesale distribution shop with her savings.

In *Luqa* a middle-aged agro-pastoralist woman was producing irrigated cash crops (sesame, mango, vegetables) and non-irrigated crops (sorghum and maize). She was planning to diversify into animal rearing.

In *Gelcha* (East Shewa) a successful pioneering businesswoman (in her 50s and non-literate), was earning a good income from the commodity shop that she had opened 16 years ago with

400 *birr* saved from her husband's salary and from selling charcoal, fire wood, and grass. In addition to her shop she provided lucrative transportation services (with a horse-cart), and had diversified into animal rearing.

It is noteworthy that several of the economically successful individuals were not literate – including three of the women presented above, all three engaged in trade activities. However, the data on each individual was not sufficient for us to investigate whether and in what ways education might contribute to economic success in rural communities. This would be an interesting issue to explore in future research, especially as the remarkable expansion of education opportunities in rural communities, documented in the chapter on education, is relatively recent, and more so for women than men.



Young businesswoman in Adele Keke

There were interesting examples of economically successful couples, owing their success in good part to their working jointly towards it. The most striking such cases are briefly presented below.

Box 3: Successful couples in the WIDE communities

In *Somodo* (Jimma), a middle-aged couple of businesspeople were sharecropping their land and share-rearing their livestock, as they drew their main income from diversified non-farming activities. The wife was running a well-stocked commodity shop and trading various agricultural crops (mainly coffee and maize). Her husband was busy installing and maintaining grain mills and providing transportation service (they had a motorbike and a pick-up). They also owned and ran seven grain mills of their own in Somodo and the neighbouring areas.

In *Sirba* a young couple of businesspeople in their 30s had made their wealth from hospitality services, including a butchers' business, a bar, and a hotel and restaurant. They had gradually grown their businesses very successfully (for instance, they got a prize as big sellers of St George draft beer), and had diversified into transportation services – they bought a Loncina, small bus that provided transportation services for nearby flower farms and others.

In *Gelcha* another young couple took advantage of the roadside development along the main Addis Ababa-Dire Dawa road. The husband had first started selling grass when he was a young child then continued to trade commodities. They were able to keep their business running without interruption while he was attending his degree education at Haramaya University, thanks to the support and full commitment of his wife who ran the shop. They continued working together, the wife keeping the shop when her husband was travelling to bring commodities from Addis Ababa.

This diversity of profiles and experiences clearly documents the emergence of more complex rural economies, allowing more diverse types of economic success to occur and reinforce one another. In

the next section we outline how, from this diversity, it was nonetheless possible to discern common patterns that had underpinned these experiences of economic success.

Economic success – The outcome of a combination of factors

Across the seventy very diverse individual profiles there was evidence that economic success resulted from a combination of factors, whereby personal initiative, broader contextual changes, and some form of initial capital at the disposal of the concerned individuals interacted with government action (reviewed later in this chapter).

Personal initiative was crucial, making some individuals aspire, keep an open mind and work hard in ways that enabled them to exploit all possible resources at their disposal to become more successful than less entrepreneurial people. This included both resources that other individuals might not have had, such as financial and/or social capital, and resources that in principle were available to all, such as opportunities brought by broader contextual changes and government interventions. Most striking were the cases of individuals who grew successful out of adversity as they deployed their personal initiative to overcome personal crises of various kinds – like one of the young women presented earlier and whose story we recall here.

Box 4: Growing out of adversity in Adele Keke, East Hararge

The young woman was 25, divorced and non-literate. In 2011, following two unsuccessful marriages which had both ended in divorce, she decided that she needed to be free from economic dependence on a man, so that she could help her child by herself. She built a shop on her parents' land and started selling various consumer goods including soft drinks, salt, sugar, soap, pasta, cigarettes, and the like, buying them from wholesalers from Haramaya.

In 2012 at the time of the fieldwork she was doing well. She had been able to build her own house which only needed final touches, through contributing 300 *birr* from her profits every two weeks in an otherwise male traders' *iqqub*. She used the 20,000 *birr* lot to build the house. She was also contributing 200 *birr* every two weeks to a women milk traders' *iqqub*. She planned to use the 15,000 *birr* lot to expand her business when she would get it.

A number of contextual changes such as environmental shocks, inflation, and societal dynamism also mattered. There were numerous instances of the negative effects of environmental calamities, leading to serious setbacks in successful trajectories. Again in such cases, personal initiative was key in the way some individuals were trying to recover from such shocks, as the story below illustrates.

Box 5: Recovering from drought in Geblen, East Tigray

He was an ex-soldier demobilized in 2003. He was doing well as a farmer, and was considering himself to be among the richest before being severely affected by the drought in 2008/9. The household lost two of their cows (worth 2,400 *birr*), 10 goats (costing 2,000 *birr*) and 9 of their bee colonies (valued at 4,500 *birr*). The crisis was made worse by the high prices of agricultural inputs and commodities together with the increase in interest rate for government credit, from 9% to 18%, which had all happened the year just before the drought hit.

In 2007 the household head was hired by the Catholic Church of Adigrat to work on daily labour activities. In 2008 he migrated to Humera to work on sesame farms for two months, from where he returned with 1,200 *birr*. One thing which made a big difference was the fact

that his wife had started growing irrigated vegetables in 2005, which generated a good income. This was a considerable help to cope during the crisis, so that even with their losses, at the time of the fieldwork in 2010 they had been identified as a rich household.

By then the household had five goats, one bee colony, an ox and two cows, and a donkey that the household head was using to transport goods, making a good income with this. He also yoked his donkey with his only ox to farm his land. He was able to buy fertilizer on his own account, and doubled his harvest from when he was using compost. From 'richer than most', he planned to return to being 'amongst the richest' within the coming four years⁴. He had begun to dig a water reservoir to produce more vegetables that would further increase his income, although currently he lacked the capacity to complete it.

Inflation had both positive and negative effects and the combination was rewarding for some, and disappointing for others. A number of farmers readily acknowledged that their success resulted from a combination of better production (usually with support from the extension services), increased demand (especially in communities not too far from expanding urban areas), and higher prices for their agricultural or livestock products. This was said to be the case in well-connected, agricultural growth potential communities such as Sirba (East Shewa, between Bishoftu and Mojo) as well as in remoter, more vulnerable ones such as Do'oma in Gofa. But some farmers, from a range of diverse communities, explained that inflation also limited their success, due to higher prices of inputs and of the commodities needed by the household (e.g. this was noted in Dinki (North Shewa), Shumsheha (North Wello) and Oda Haro (West Shewa).

Traders tended to see more negative aspects as well, with for instance a businesswoman in Gelcha (East Shewa), a leading woman trader in Sirba, and a leading male cash crop trader in Do'oma explaining that inflation weakened their customers' purchasing power and led to reduced activity and income.

Fluctuations in crop prices could drive success but also decline, as in Adado (Gedeo) and Somodo (Jimma) where the deflated price of coffee on the international market since 2011 was adversely affecting the biggest coffee growers, or Dinki (North Shewa), where successful farmers with irrigation were affected by fluctuations in the price of onions.

A more intangible but equally important broader change was the generally higher dynamism of the WIDE communities' societies. In an earlier research report (Bevan et al. 2014) we suggested that '*(T)he fatalistic cultures of the 1990s were being replaced by cultures of aspiration*'. Other researchers highlight a similar trend in other rural communities such as e.g. Svein Ege (forthcoming) talking about a "*new attitude to life. Rather than fatalism... people are struggling to improve their lives...*". As he and we found, "*to change one's life*" had become a standard phrase. This greater vibrancy acted as a resource for entrepreneurial characters as it is easier to be successful when it is socially acceptable. Thus, for instance, a successful milk trader in Adele Keke had been asked for marriage by several men even though she had been twice divorced. She had refused them all, but attributed this rather unusual attitude, in a society prone to stigmatise divorcees, to her economic success.

The WIDE data also show that economic success was valued, beyond government officials concerned with showing good results, as it created a sense of emulation among community members. People in Sirba, for instance, pointed to young men who worked hard to "*become rich, accumulate wealth,*

⁴ 'Richer than most' and 'amongst the richest' are two of the categories commonly used in surveys and interventions requiring to group households according to their wealth, and was said to be used by communities for instance when they select the Productive Safety Net Programme beneficiaries.

and live a decent and modern life, giving priority to their economic success". And in many instances, role models mentioned by young people were individuals who had become economically successful one way or another.

Being able to raise some form of *initial capital* was an essential prerequisite for economic success. For farmers, this meant having initially 'enough' land and labour, and, thanks to the virtuous combination highlighted above, (of better production, increased demand and higher output price) becoming able to accumulate more land and/or hire labour – such as a farmer in Gara Godo (Wolayta) with 2 ha of his own (significantly more than the local average) and who was able to sharecrop more land. In addition, financial capital mattered for both farmers and traders and business-people. Sources of capital were quite diverse (formal credit, informal loans, *iqqubs* or migration savings or remittances), which we further discuss later in this chapter.

A number of successful individuals made it with very little financial capital, but making good use of other resources such as support from relatives. A striking example was the middle-aged woman trader in Sirba presented earlier. Fifteen years ago, and with just 100 *birr*, she had opened the first commodity shop in the area; her husband actively supported her, and in 2013 she was engaged in a wide range of farm and non-farm activities, had solid assets such as a house for rent in Bishoftu and her own car, employed seven people, and was planning to open a supermarket in Bishoftu.

As for this woman, social capital had been very important for many others. Most of the successful female heads of household had been able to rely on encouragement and support from relatives, family members, friends and others. For instance, the successful female agro-pastoralist in Luqa (Tsemai), who was growing sesame for the market and planning to diversify into livestock fattening, had labour support and advice from neighbours and the local officials. In Turufe (West Arsi) a successful woman head of household had been assisted by a relative from Addis Ababa in winning a land case against her sharecropper. In Adele Keke another successful woman head of household could rely on the help of her brother-in-law who was a militiaman, to protect her *chat* crop from thieves.

Efficient division of labour and cooperation between household members was also crucial, as exemplified by the large successful farming household in Dinki, whose head was good at organising all of the farming activities between himself, his wife and his children. The coffee grower-and-businessman of Adado presented earlier, emphasised organisation and cooperation between family members as an essential ingredient of his success. We also pointed earlier at the successful couples – who sometimes divided labour between them in 'progressive' ways. Thus for instance, in the case of the couple in Somodo it was the wife who traded coffee, as the only woman among the seven local 'big traders' buying coffee on behalf of 'external investors'. In the case of the Sirba couple, running several hospitality businesses and a grocery, and providing transport services to flower farms with their minibus, it was the wife who was going to discuss business issues with the *kebele* trade and industry office.

Also important was cooperation among traders and businesspeople. The young banana and maize trader from Do'oma, for instance, explained that he was cross-lending money with trading friends, depending on the needs and cash available of each. In other cases, traders assisted each other in finding crops to trade.

A number of successful individuals had benefited from the opportunity of working for already well-established people, which enabled them to both learn about the business, and accumulate some capital, which they could use to launch themselves independently. For instance, a young trader in hides and skins in Harresaw (East Tigray), who had his own trade in 2011, had started by guiding donkeys for other hides and skins traders. Similarly, a young man trading livestock in Luqa had started by working for non-local big cattle traders. In Adele Keke a young *chat* growing farmer who

was renting land and had his own pump in 2012, had started on his father's land and sharing a pump with a friend. These cases illustrate well how social capital and socio-economic networks matter in learning processes, as Vaughan also highlights in this volume (see chapter on innovation).

Turning to what is sometime called 'political capital', across the WIDE communities, about a third of the economically successful individuals were part of, or well connected with, the local political elite. Some model farmers also recognised having had privileged access to inputs and advice, but it was not clear whether this had helped them to become successful, or if instead, they were recognised as models because they were successful. There were also very successful individuals who did not have any such connection or position, such as the farmer who had opened a butchers' business in Girar (Gurage). In some cases, not becoming involved in a leadership position was a strategy consciously adopted to be able to focus on one's economic activities – as in the case of the couple who were businesspeople in Somodo or a farmer in Harresaw who explained that he had become successful after he had given up his position as a social court prosecutor. Moreover, a number of successful farmers complained about how directives from the political hierarchy might direct them to act in ways contrary to their best judgment, such as taking poor quality improved maize seeds and planting maize instead of expanding their coffee land in Adado and Somodo.

So on the whole, the WIDE evidence supports the point made by Teferi (2015) that it may be difficult for individuals simultaneously to pursue economic and political interests, and that, in some instances, pursuing the latter might mean one has to set aside one's own economic decisions either to follow directives, or because of being over-occupied with other responsibilities. However, we also found evidence that an important aspect of being politically well-connected is easier access to information on potentially useful government initiatives – as also noted in the chapter on innovation.

In the next section we briefly highlight how individual success experiences were both shaped by the different local contexts, and contributed to shaping them through knock-on effects.

Individuals' success shaped by and shaping local contexts

The data clearly showed that different types of communities offered differing types of success opportunities. For instance, successful businesspeople were more readily found in places experiencing some form of urbanisation (see also chapters on urbanisation, inequality, and women's economic participation).

These could be communities located near relatively large and expanding urban areas, such as for the couples of businesspeople from Somodo (not far from Jimma, see picture of the wife's shop) and Sirba (between Bishoftu and Mojo in East Shewa) presented earlier, and the farmer with a butchers' shop in Girar (near the Gurage zone capital Imdibir); or thanks to roadside development, as for the couple of young shop-keepers in Gelcha (East Shewa). In other communities with good growth, internal urbanisation prompted greater demand for 'urban-like' services, offering investment opportunities for people like the coffee grower with his bakery in Adado (Gedeo).

Successful people in communities with significant agricultural potential were more likely to be



Successful businesswoman in Somodo

farmers, and traders facilitating farmers' output marketing especially in communities further from larger urban centres like Oda Haro in West Shewa, or when there was a significant market farther from the community such as for Somodo's coffee.

While local contexts influenced the types of opportunities that entrepreneurs could seize, individual success experiences also shaped the local contexts, as they generated broader, knock-on effects at the level of the community. These included opportunities for employment, the generation of local value chains, and making other local activities profitable; as well as the role of examples that these individuals were having in their community.

A number of successful individuals employed people, for instance to work on their farm, in the case of the big coffee or *chat* growers (in Somodo near Jimma, Adado in Gedeo and Adele Keke in East Hararge) and farmers with large plots of land or irrigation like in Korodegaga (Arsi); or to work in their business like the businesswoman from Sirba who employed seven people, and the entrepreneurial couples in Somodo and Sirba. The couple from Sirba employed eight people, including a driver for the minibus from which they were making at least 6,000 birr/month through contracts with flower farms.

Successful individuals were also at the origin of local value chains – most often originating in successful farming. Oda Haro is a typical example. In this community, the success of a number of farmers led to the emergence of a class of local traders, some of them large-scale, buying from local farmers for whom this saved time, and selling to traders in urban areas, including Addis Ababa. Together with improvements in the internal road network this allowed mule cart transport to emerge as a new profitable business activity so that in 2013 more than 160 carts were used mainly for transporting commodities to markets, traders, grain mills or threshing places. Labour to load and unload products was another of these success-induced opportunities.

Equally important was the role of examples that these individuals, often not among the formal government-designated 'models', played in their community. We mentioned earlier the influence of successful women on others, and how many young people were looking up to economically successful individuals as role models. The presence of these local entrepreneurs and the sense of emulation that they prompted directly contributed to the rural communities' greater dynamism noted earlier. This evidence also confirms the broader point made in the chapter on innovation, about the importance of informal, locally emerging role models in local learning and change.

Successful individuals rarely mentioned infrastructure development as a specific factor of success in their story. But more generally, developments such as better access roads, phone networks and electricity coverage, improvements in feeder roads etc. were recognised in all communities as being critical for local economic growth. The data also clearly show how infrastructure development was decisive in bringing broader societal changes, and a key source of the greater overall dynamism that contributed to the success of entrepreneurial characters in the communities.

Conversely, specific infrastructure deficits were identified as big constraints to economic success – in line with the CSA survey mentioned earlier, in which poor access to markets and difficulties with transportation were consistently mentioned as among the top three major constraints to economic activity in rural areas (CSA 2017). In the WIDE communities, poor road access was the most



Bridge in Do'oma

frequently mentioned. Internal roads were generally poor in all communities (see the chapter on urbanisation for a more nuanced picture) – with consequences such as produce rotting in hard-to-access fields (e.g. carrots in Kormargefia in North Wello, an extreme example of poor internal roads). In some places external roads were poor, or bridges missing. In Adado, for instance, the main road to and from the community was not all-weather, which was a severe constraint for big coffee growers and local businesspeople. In Korodegaga the lack of a bridge over the Awash River meant that farmers involved in producing cash crops through irrigation faced problems in trying to sell their production and had to accept lower prices, especially for rapidly perishable tomatoes.

In the next section we discuss how a number of government actions (or lack thereof) in the economic sphere, emerged from the data as important in relation to experiences of economic success in the WIDE communities.

Government actions - Supporting, hindering, ignoring success

In spite of their diversity, the cases of economic success described in this chapter highlights a number of factors related to government action and that were important in many of them. In some instances, government action was directly addressed to enhancing livelihoods, and it had on the whole rather positive effects on the trajectories of economically successful individuals (e.g. through agricultural extension services). Other factors mattered for economic success, but government action was less visible or effective (e.g. in livestock; irrigation; ‘alternative’ cash crops; and access to credit). Government action in relation to taxation and other regulations was generally perceived as having rather negative effects. Finally, as further explored in the chapter on migration, there was no support, or even recognition, that migration was a factor contributing to local economic success in some instances.

Agricultural extension services – almost all those identified as successful farmers noted that agricultural extension interventions, guidance and advice from the DAs and government training programmes had been helpful, as well as experience-sharing with other successful farmers. In a few communities, the proximity of an agricultural research centre was also a positive factor – e.g. a model farmer in Turufe (West Arsi) whose land was selected for experimentation by the Ziway Agricultural Research Centre had benefitted from both the knowledge gained and the better harvest that had resulted from the trial.

However, there were also many mentions of drawbacks related to quantity, poor timeliness, and low quality or unsuitability of certain inputs (e.g. unsuitable improved maize seeds forcefully imposed on a successful coffee grower in Adado (Gedeo); and fertiliser expired because stored for too long in Gara Godo (Wolayta)). In part, as noted by Stanford (1997) cited in Kassa (2003), issues of unsuitability arise from a lack of recognition that in Ethiopia’s hugely diverse agroecology, new technologies developed and tested in one environment may not work well in other environments, where they may even reduce productivity. Weak professional skills of DAs were also mentioned by some successful farmers e.g. in Korodegaga (Arsi) and Geben (East Tigray) – as also found by Lefort (2012) who explains that in the North Shewa *kebele* he researched, most farmers kept away from DAs because they lacked confidence in their competence. However, the most common criticism in the WIDE communities was the high costs of agricultural inputs that deterred the successful farmers from using them as per the recommended dosages.

Irrigation - Access to irrigation is identified as a major factor of differentiation between and within communities (see chapter on inequalities). We found that in many of the WIDE communities, irrigation had been an important factor of success as it enabled farmers with irrigated farming to significantly increase their production. Using various techniques depending on the context (see chapter on urbanisation), those farmers mainly used it to produce cash crops in demand locally or

farther afield – such as fruits in Aze Debo’a (Kambata) and Dinki (North Shewa), vegetables in Shumsheha (North Wello), tomatoes in Korodegaga (Arsi) and *chat* in Adele Keke (East Hararge). Many had invested or were planning to invest in increasing the size of their irrigated land, but mentioned as a big constraint the high costs of the infrastructure investments that would be necessary to ensure reliable or increased access to water.

Yet, government action in this respect was limited. Moreover, in several communities, the emergence of irrigated farming was not the result of any government action but of local learning from local initiatives – illustrating once more the importance of those non-formal, locally-driven innovation and change processes highlighted by Vaughan in this volume. For instance in Somodo (Jimma), farmers copied experienced immigrants; in Adele Keke farmers copied the way in which Chinese contractors had accessed water to build a main road in the area.



Irrigation in Shumsheha

High-value ‘alternative’ crops - A significant factor in the success of a number of farmers came from growing high-value ‘alternative’ crops. These were crops with high or increasing value on the market, which these individuals became aware of, and which they undertook to grow, or expanded the area planted with them as a response to market demand. In some instances, this was taking place without government support, such as for eucalyptus trees and *chat*. Incomes generated were often very significant. For instance, a successful farmer in Kormargefia (North Shewa) had 10,000 eucalyptus trees worth hundreds of thousands of *birr*. In Adele Keke fortunes (at the local scale) were made from irrigated *chat*, as in the case of the successful household which diversified into several non-farm activities (commodity shop and distribution of soft drinks). In other cases, farmers innovating with crops had access to generic extension services, but no specialised advice was available, such as for sesame which some individuals had started to grow as a cash crop in Luqa (Tsemay), and spices in Do’oma (Gofa).

Livestock activities - In many communities, animal rearing had become an important business activity, in addition to the traditional value of livestock as savings: a fact not always adequately recognised or supported through interventions. Livestock fattening brought good profits, and some successful individuals practised it on a large scale, sometimes through share-rearing, such as a leading businessman from Aze Debo’a who was buying and fattening up to 20 oxen at a time in this way.



Fattening oxen in Do’oma

The other major livestock activity revolved around dairy cow-rearing and the production and sale of milk and related products, which could bring a good income to the farmers themselves and traders, such as the woman from Adele Keke mentioned earlier.

In both cases (fattening and dairy), increased demand and higher prices arising from the growth of nearby urban centres were identified as major factors explaining the increased benefits from these activities. In turn, in some instances the rising profitability of dairy production seemed to generate some competition between women, who traditionally had been more involved in livestock, and men

wanting to seize control over the income from these new opportunities (see more on this in the chapter on women's economic participation). This was most striking in Kormargefia.

Box 6: Rising competition for profitable livestock-related activities in Kormargefia

In Kormargefia a number of activities usually undertaken by women were being taken over by men as they became more profitable, so that women were denied the possibility of independent success. Chicken rearing, egg and dung cake selling were increasingly taken up by young men, responding to the rising demand of the rapidly growing Debre Birhan. Also, in the past, milk production, butter-making and the associated income were controlled by women. But this had shifted following the high demand and price of milk: butter was no longer made, milk was sold unprocessed, and the income was now controlled by the household head. So, dairy production had become dominated by men, as was also the case for fattening.

But while potentially highly profitable, livestock rearing was also risky, and especially in the drought-prone communities, livestock losses could lead to severe setbacks. The case of the farmer from Geblen mentioned earlier was far from unique, and individuals facing such losses could only call on their own resourcefulness to try and overcome them.

Access to credit - A number of farmers, traders and businesspeople noted that access to credit for investment capital had been key to their success. Some of them took loans from formal financial institutions, which usually required government support directly or indirectly. But many highlighted significant drawbacks making formal credit inaccessible or insufficient and therefore, not useful – in line with recent survey findings whereby insufficient financial services was consistently identified as the most critical impediment to the development of non-farm activities in rural areas (CSA 2017). In the WIDE communities, many mentioned that credit was actually not accessible because of unattainable collateral requirements (e.g. a house) or cumbersome procedures, as explained by a champion model farmer in Gara Godo, the couple of young traders in Gelcha, the successful woman milk trader in Adele Keke and the model agro-pastoralist farmer in Luqa mentioned earlier. Others noted that the loans they could get were far too small for their plans, like the businesswoman in Sirba (East Shewa) who wanted to open a supermarket.

Unavailability of credit through the formal financial system led many people to call on informal mechanisms. These include personalised lending such as in-kind credit from wholesalers for shopkeepers, or advance funding for the coffee traders of Somodo getting funds to pre-finance their purchases from the big investors they represented, or the young trader from Do'oma mentioned earlier, who was cross-lending money within a network with other trading friends. *Iqqubs* were also very important sources of capital of various sizes and could be very large, as illustrated below. They were appreciated for their trust-based character, flexibility and absence of interest – the same characteristics as highlighted by Temesgen (2008), who explains that even in Addis Ababa where formal institutions are not lacking, people opt to participate in *iqqubs* because they are less bureaucratic and respond to needs faster, they do not require collaterals and finance micro and small enterprises usually overlooked by formal institutions, and are more effective in getting people to save through social pressure among the members.

Box 7: Large iqqub as a response to dissatisfaction with formal credit

In Sirba, the couple of young businesspeople mentioned earlier had borrowed several times from the WALQO microfinance institution in the past⁵. They first took a loan of 3,000 *birr* with which they opened the butchers' shop, then similar amounts then 15,000 *birr* to expand the grocery. They had repaid all their loans. Then the husband asked to borrow 100,000 *birr* but WALQO told him that he could only borrow 70,000 *birr* and they also wanted a guarantee. In the past he had used the title deeds for the house and land, but they told him that this was insufficient for such a large amount. He offered to provide the ownership documents for his minibus, but they required lots of paperwork to prove that the minibus was free of existing debt. He tried to get this paperwork from Addis Ababa but it took too much time and effort so he gave up.

So, when the household needed a big amount of capital they relied on *iqqubs*. For instance, they opened a cafeteria with the 200,000 *birr* lot of an *iqqub* to which they had contributed 2,000 *birr* weekly. When they got the lot they immediately started to contribute to an *iqqub* with a lot of 400,000 *birr*.

Taxation and trade regulation - In most communities, successful traders and business-people mentioned Government actions related to trade regulation and especially taxation as obstacles to economic success. Again, this resonates with a noteworthy trend in the survey mentioned above, which found that almost twice as many people identified taxation as an obstacle to rural economic diversification in 2015/16 compared to 2013/14 (CSA 2017).

In the WIDE communities, respondents thought that the taxation system was unfair and marred with irregularities. Unfair, because tax amounts were not based on actual profit but on profit estimates that, they claimed, could be far beyond their real revenue. For instance, the butcher in Girar (Gurage) thought it exorbitant to pay taxes of 12,000 and 17,000 *birr* for his business in 2009 and 2010 respectively, and he also did not understand why that had increased so much from one year to the next.

The story of the crop traders in Do'oma is a good example of the lack of standards and arbitrariness in the way local officials fixed taxation rates, although the final outcome shows that local officials were ready to listen to complaints. Initially the *wereda* was taxing 900 *birr* per quintal of banana traded. Then the banana traders went as a group to protest, as a result of which the *wereda* finance office cut the rate to 200 *birr* per quintal. This reduction was a decisive factor in the decision of the young trader mentioned earlier to venture in this line of business.

As for irregularities, the most often heard complaints were about how some types of business were taxed and not others; and how licensed businesspeople/traders were disadvantaged as others, in the same business line, were allowed to exercise their activity without license and did not pay taxes. The tax-paying shop owners in Somodo, for instance, pointed out that large-scale local coffee traders were not taxed even though this was a big business (though seasonal). In Oda Haro (West Shewa), licensed grain traders were unhappy to have to compete with unlicensed ones; and in Adado, the more established shop-owners, tearooms etc., open the year round, were complaining that smaller ones, often closed in the low coffee season when taxes were collected, therefore escaped taxation.

⁵ WALQO is an Oromo acronym for the name of one of the microfinance institutions active in the Oromia Region.

Migration - As further documented in the chapter on migration, in some of the WIDE communities, migration was an important element in the local economy. We found that a number of individuals among those said to be successful owed their success to migration. In some instances, migration savings were used as start-up capital by the migrant returnee – such as a successful business man in Aze Debo’a, who had returned from South Africa with 1.4 million *birr* and had invested in a hotel in nearby Durame (capital of Kambata-Tembaro zone), a truck for transport services etc. In other cases, those who had remained at home and received remittances from household members abroad invested them wisely, like the farmer/businessman in Girar whose daughters’ remittances complemented his own income and enabled him to open a butchers’ business.

In the next section we focus on a characteristic of rural economic success which emerges clearly from many of the examples given above, that is, the importance of diversification in the strategies of successful individuals.

Resilience, sustainability and investment in diversification

Some individuals seemed well established in their success, with a range of assets that would enable them to weather even relatively big shocks, like the young migrant returnee businessman of Aze Debo’a (Kambata), the couple of businesspeople of Somodo (Jimma), the businesswoman of Sirba (East Shewa) with her supermarket plan. But for many more, it was unclear if their success would resist a big shock. For instance, the elderly woman head of household and farmer in Sirba, known for her quality *teff* production, had within a few months faced the death of her son and of her long-time farm worker, which left her bereaved and unsure about how she would access labour, and in the same year faced a big loss of grain due to a fire in her store, which would reduce her income and restrict her ability to hire labour. Also, individual shocks like these are immediate while community shocks take time to work through the local economy. Thus for instance, it remained to be seen how successful individuals in Adado and Somodo would fare in the period of lower coffee prices that had succeeded a high price period.

For the many successful farmers depending on rain-fed agriculture, the weather was key in determining whether their production income would exceed their production costs and by how much. Even when using modern farming techniques and inputs, getting sufficient and timely rainfall was critical. This was a concern especially in the more vulnerable food insecure and agro-pastoralist communities. Even in the less drought prone places, adverse rainfall patterns led to fluctuations in production and income, which, even when they were not dramatic, made it difficult to plan medium term investments. This is a general trend whereby, as noted by the World Bank in their recent ‘country systematic diagnostic’ (2016), *“high prices and good weather ensured that adoption of modern inputs brought high return and poverty reduction for those well connected to markets, yet the vulnerability of returning to poverty remains high, especially for rural livelihoods dependent on rain-fed agriculture”*.

Questions of sustainability also arose in relation to fluctuating or decreasing output prices or the risk thereof. For instance, whilst many were happy with the high price of grains sold on the domestic market, there was uncertainty about how long this might last. We have mentioned the case of coffee, with local prices depending on the international market price. And as also noted earlier, farmers engaged in specialised production, such as potatoes and onions, found that prices collapsed when local markets were flooded, especially when as in Korodegaga (Arsi), Dinki (North Shewa), Kormargefia (North Shewa), it remained difficult to export produce farther afield due to poor access.

Diversification was the response of all the successful individuals to resilience and sustainability issues. There was diversification within agriculture, within the non-farm sector, and from agriculture to the non-farm sector.

As Teferi (2015) explains, “farmers... rarely put all their eggs in one basket”. In the WIDE communities, farmers adjusted crop decisions (producing a variety of different crops, adapting the size of the land planted with each), based on a number of factors including the evolution of the annual weather pattern, their expectation of prices and their current risk-taking ability (e.g. investing in a new crop after a good year). For instance, a major coffee grower in Somodo, affected by the plunging coffee price, had started growing more *chat* as a response. The woman agro-pastoralist in Luqa (Tsema), who had done quite well with her farming had decided that she could risk a bit more and experiment with sesame. Traders and business people also managed risks through diversifying. Traders diversified what they traded like the young trader of Do’oma (Gofa), who wanted to open a commodity shop to add to his banana, maize and livestock trade. Business people invested in multiple business activities like the couple of Somodo.



Adele Keke – Soft drink distribution trade

A quite common trajectory was for a farmer becoming successful to invest in one or several non-farming activities. One such example is the successful *chat* grower of Adele Keke (East Hararge), who had engaged in a number of non-farm businesses including storage and distribution of soft drinks to the local shops (see picture). Another is the big coffee grower in Adado, who also fattened livestock and had invested in a shop, a bakery and a teashop/restaurant in the *kebele* small town. Many such cases can be found in the profiles studied for this chapter, across different types of communities. As the Adado coffee grower explained, the logic behind diversification strategies was on the one hand, to minimise risks by spreading them; on the other hand, a diversified portfolio of activities enabled one to use the income of one activity to strengthen or expand another, or engage in a third.

Diversification avenues most often mentioned in the WIDE communities were trade of agricultural products, establishment of grain mills or shops, transport and hospitality services, and building rooms or houses for rent in the community or often a nearby urban area.

These individual diversification strategies, together with the community level knock-on effects of individual success experiences that we discussed earlier, strongly suggest that farming does have the potential to provide an initial foundation to rural economic growth, across a range of different types of community.



Transport business in Somodo

This was also the conclusion drawn by Abeje and Ezana (2011) in their earlier study on peasant entrepreneurship and poverty reduction: but both our and their evidence suggest that building on that farming foundation, rural economies need then to diversify out of agriculture as well.

In the next section we briefly explore the other ways in which successful individuals invested the capital they might have made through their success.

How else did successful individuals spend their wealth?

First of all, as we just saw, successful individuals in the WIDE communities invested in other business enterprises, and complementary activities, to strengthen/diversify their economic activity. In

addition, most of them invested in improving their living standards, a trend also seen as one of the outcomes of successful experiences of migration (see chapter on migration). This very often included building a better residential house and furnishing it well, for the richest ones with modern appliances such as a flush toilet like in the 'modern villa'-looking new house of the couple of businesspeople in Somodo (Jimma).

In a good number of cases and corroborating the findings of Abeje and Ezana (2011), Ege (forthcoming) and the chapter on urbanisation in this volume, their investment was urban-linked – building in town to open a business, or rent-out, or accommodate studying children, or doing several of these things at the same time. A successful farmer from Aze Debo'a (Kambata) had built a large building in Durame, part of which he used as a store while the house was also used by his children studying in town.



New house of a couple of successful businesspeople,

In spite of a rising trend of uncertainty in people's perceptions of the value of education in the WIDE communities (see chapter on education), a number of successful individuals also invested or planned to invest in their children's or, less commonly, their own education. Examples include a champion farmer from Gara Godo (Wolayta) who ensured that all his children went to school and was himself attending an Accounting Diploma; and the couple of Somodo (Jimma) who were thinking of sending their son to Jimma to attend his primary upper cycle.

Conclusions and policy considerations

In the above sections we provided insights on economic success in rural Ethiopia in 2010-13, drawing on a number of individual experiences found in the WIDE communities. Based on these insights, in this section we make a few suggestions for consideration in the Government's policies and interventions aimed to promote the development of Ethiopia's rural communities. A first set of points focus on how to further harness latent individual and contextual potentials. We then make a few suggestions related to overcoming shortcomings and gaps identified above in government action.

Further harnessing individual and contextual potentials

First of all, the WIDE data show that success can be achieved by a range of different individuals and across a range of types of community. This suggests that it is important to support individuals in their personal initiatives, alongside the group-based initiatives that many of the Government's interventions support already (such as the cooperatives, micro-and-small enterprises etc.). Supporting *individual initiatives* would improve outcomes for the individuals concerned. But beyond this, it also has the potential to contribute more broadly to the development of rural communities, through the knock-on effects that we document above. And this is something the Government could further promote in order to amplify the 'emulation effect' that economically successful individuals generate in their communities. As also suggested by Vaughan in this volume, this would require closer attention to informal social knowledge diffusion processes, and for Government agents to avoid hierarchical attitudes that privilege 'modern expertise' and may block community level innovation.

Second, and although it is important to recognise this potential of individuals to contribute to shaping their local context, our evidence clearly shows how ‘better’ local contexts (more developed infrastructure, greater ease of access, proximity to an urban area, greater market integration etc.) generate a wider range of economic opportunities. More and better *infrastructure and communication* are and will be crucial, through both their broader role in opening up and dynamising local economies and societies, and in directly supporting local entrepreneurs in their activities. The Government will undoubtedly continue to focus on further infrastructure and communication development, as outlined in the second Growth and Transformation Plan (GTPII). However, the potential of these investments could be maximised by targeting them more specifically to local economic niches – such as giving priority to better feeder and internal roads and bridges in areas with significant production potential and irrigation development where there is potential as discussed further below.

We explained earlier how successful farmers both generate opportunities for and can benefit from the presence of successful local traders and businesspeople with their networks and access to markets. However, we found little local investment in the processing of agricultural products, apart from grain mills, dairy products (often limited to milk rather than more elaborate products), and local food and drink production (usually small-scale and when it came to drink production often limited to local alcohol). There were larger investments such as the flour and barley malting factories near Oda Dawata (Arsi), *shiro* processing factories and a beer factory under construction near Kormargefia (North Shewa), but these were relatively limited.

On these bases, we suggest that rural development outcomes could be improved through greater support to local traders, and further encouraging local investment in agro-processing. The development of ‘value chains’ is a priority in the policy agenda of the Government, and strategies being developed at the time of writing note the necessity of promoting ‘rural-based entrepreneurship’⁶. However, there is a need to localise these concepts, and for *wereda* and *kebele* plans to pay attention to supporting the development of local value chains based on existing successful activities. Our suggestion echoes that of Vaughan who highlights how initiatives to enhance rural job creation could focus on exploiting all aspects of micro socio-economic change emerging around irrigation (see chapter on innovation). The same holds for other activities that would be identified as having local potential, such as livestock production.

Outcomes of individual success experiences could also be further enhanced by broadening the perspectives of successful individuals on the investments that they could consider. A practical way of supporting rural entrepreneurship might include the establishment of local ‘one-stop shops’ to advise local rural entrepreneurs on marketable products/services, link them to training and credit opportunities, help them to address access to land issues etc.

Finally, we have highlighted in this chapter how individual success was the result of a combination of two types of factors - government actions and broader contextual changes, in reach of everyone at least in principle; and personal initiative and access to some form of initial capital, that are more a matter of individual life circumstances. If this is true then, economic success cannot just be replicated from one individual to another through the same ‘standard’ government action for all. The chapter on inequalities documents very large differences in life conditions of different categories of individuals, and pictures taken by the fieldwork researchers can leave no doubt on how an individual’s scope for action depends on where she or he ‘starts from’. This suggests that, government actions that clearly benefitted the successful individuals studied in this chapter, were

⁶ Concepts of value chain-based extension services and support to rural business enterprises, rural entrepreneurship and rural MSEs, are evoked by the Ministry of Agriculture in the process of drafting a new agricultural extension strategy and a Rural Job Opportunity Creation strategy.

actually out of reach for those who lacked any form of capital or whose personal initiative had been thoroughly eroded by adversity. Moreover, successful patterns of learning are often more complex, nuanced and specific than mere replication (see chapter on innovation). Replicating success therefore requires interventions that can be tailored to individual circumstances and learning trajectories. Replication of an activity by many people may also bring problems of over-supply, which also need to be considered.

Addressing a number of specific shortcomings

We now turn our attention to factors identified as important in individual success experiences, but for which people also highlighted some shortcomings. We suggest below a number of ways in which these shortcomings could be overcome. We are well aware that for the most part, these suggestions figure already on the Government's agenda - including the development, ongoing at the time of writing, of new strategies focusing on rural job opportunity creation, and an update of the government strategy for agricultural extension. The points made here aim to stress the importance of further action in this respect, and to possibly highlight some of the issues requiring more specific attention.

Agricultural extension had been important for all successful farmers. Further strengthening it is high on the Government's Agricultural Transformation Agenda (ATA 2015a and 2015b) – with attention being paid to more timely availability of more suitable fertiliser and improved seeds varieties. Moreover, and as is recognised by the ATA, more could be done to address financial constraints to access inputs, which seemed to affect even some of the successful farmers. Scaling-up modalities such as the Input Voucher Scheme piloted as part of the ATA, and others, would in turn enhance farmers' usage of inputs, thereby raising the chances of further increasing their production.

The insights above also suggest that there is scope for agricultural extension services to be further tailored to local contexts and much more demand-led, with a view to better support farmers on the lookout for 'alternative' crops. Similarly, more specific attention to provision of seeds, seedlings and advice geared to the needs of farmers engaged in irrigated production would also help, alongside the current measures to boost production of more traditional crops. As suggested by Bevan (see chapter on ruralisation), the more generic advisory services provided by DAs could be complemented by specialised advice provided through ICT-based solutions, as a way of expanding the range of topics about which farmers could access information. Again, this is a matter of building on ongoing undertakings such as the 'Agricultural Hotline' launched by the Government in July 2014.

Irrigation had played a crucial role for many successful farmers. But where irrigation was feasible its potential was often not fully exploited, as individual strategies to access water had their limitations. There seems to be scope for greater government lead in expanding and developing irrigation, where sustainable water harvesting strategies require means beyond the reach of private investment (for instance *"in areas where shallow ground water is not accessible"* and *"development of low-cost irrigation solutions is desperately needed"*, as also argued by the World Bank (2016)). Addressing issues of maintenance of existing infrastructure, encouraging drip irrigation where relevant, and taking further steps to develop irrigation infrastructure deserve consideration in the Government's plans to further expand irrigation.

We have seen that livestock activities were an important factor in many individual success experiences. Two of the constraints faced by local entrepreneurs were limitations in access to modern livestock rearing practices (e.g. difficulty in getting hybrid breeds or improved feed), and livestock losses that could strongly set back successful trajectories. More focus on livestock extension, as planned by the Government in the Agricultural Transformation Agenda for the GTPII, would make livestock activities more profitable - pursuing the on-going efforts to increase the

availability of adapted improved breeds and to further raise awareness of modern practices. Further expanding access to, and the quality of, veterinary care is especially important with often less disease-resistant hybrid breeds. Livestock-related activities could also be made less risky through developing livestock insurance schemes to mitigate the effects of losses due to factors beyond the control of individuals.

The importance for successful farmers of being able to expand the land that they farm was noted earlier. Strengthening the institutional mechanisms for legal land transactions, as is planned by the Government, would give them access to secure mechanisms for the rights to use more land, while also protecting weaker community members from abuse. However, this requires close monitoring of actual outcomes of these measures. Moreover, in addition to the systems and procedures necessary to a well-functioning land rental market, attention needs to be paid to help local officials addressing tensions around land, such as between land acquisition by successful individuals and facilitating access to land for landless youth groups, and in cases arising from urbanisation and the associated pressure on rural land. The potentially corrosive social impact of uncertainty in relation to these processes, is explored in the chapter on urbanisation.

Access to financial capital was a very important factor in the success of individuals across the range of profiles. Considering the importance of the informal means with which they sought to fulfil this need (including support from relatives, *iqqubs* etc.), there seems to be scope for improving access to sufficient amounts of capital through formal credit for those who would like to do so – in line with the Government objective of expanding banking services in rural areas. Formal MFIs and banks need to be guided into adopting more business-friendly procedures – e.g. easing the bureaucracy, considering business proposals on their merit rather than compared to fixed loan ceilings, and finding ways to tailor collateral requirements. It would also be important to find ways to enhance the ‘bankability’ of successful individuals from rural communities through creating new collateral types – an example would be the provision of title deeds for high quality assets and houses in rural areas, in line with the Government’s recently announced objective to develop ‘modern housing’ in rural areas. Finally there also needs to be more simple pro-poor options to help enterprising individuals ‘get on the first step of the ladder of success’.

Taxation and regulations on trade and businesses also emerged as issues requiring attention. As much as possible, taxation should be commensurate to actual income; when this is not practical tax officials need to establish robust bases for their estimates. More generally, greater transparency and consistency in applying licensing and taxation standards would go a long way in encouraging local trade and business undertakings. Both are in line with GTPII policy trajectories, and the evidence outlined in this chapter suggests that they should be expedited.

We have also shown that a number of individual success experiences were related to successful migration, and these issues are further elaborated in the chapter on migration. Within the overall framework of the Government strategy, we suggest that it would be appropriate to give more detailed consideration to the need to harness the very positive aspects of the impact of increased mobility in the development of many rural communities. In particular, taking measures so that more rural migrants are successful in their experiences should also focus on helping to maximise their potential contribution to their home area.

Finally, our findings relating to resilience and sustainability point in two directions. First, considering the importance of diversification in this respect, caution is needed when promoting specialisation at individual household level. For farmers, mono-cropping, even in ‘specialised’ high-value crops, brings risks – as also illustrated by Teferi (2015) showing how, in moisture-stressed areas of South Wello, specialised farming of crops preselected by local officials under the Agricultural Growth Programme, had meant that farmers were prevented from adapting their cropping decisions to a slow onset of

the rainy season, and 'lost out'. "*Farmers' emphasis on managing the risks of crop failure*" (Teferi 2015) is perfectly understandable. Traders focusing on a single product can also be badly affected by depressed markets for that one product. Our conclusion is that, the many advantages of diversified portfolios of activities in today's rural Ethiopia ought to be recognised; in turn, this calls for local room for manoeuvre in implementing government agricultural transformation strategies such as the GTP II-planned development of Agricultural Commercialisation Clusters.

Second, the resilience of successful trajectories could also be enhanced through developing or scaling-up different types of insurance schemes against shocks such as livestock losses and ill-health (possibly building on customary forms of insurance such as *iddirs* and cattle *iddirs*). As discussed by Pankhurst, the expansion of such insurance schemes would also help protect the poor and vulnerable members of rural communities, whilst de facto collective subsidies from the better-off in favour of poorer people would build on and expand local customary assistance mechanisms (see chapter on inequalities).

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