



## Rural Ethiopia in Transition: An Overview<sup>1</sup>

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### Introduction

Over the past two decades Ethiopia has undergone rapid economic growth. Recent political changes have received much media attention. However, interacting with these more visible trends and events, in the rural areas there are several underlying emerging economic, social and cultural changes which are less evident, and arguably require rethinking the nature of rural Ethiopia. Some of these deep-seated transformation processes have been brought to light by the WIDE Bridge research, carried out at the beginning of 2018 in four rural communities,<sup>2</sup> just before the recent changes began, and described in the book's seven thematic discussion briefs based on that research.

In this overview chapter we discuss significant and accelerating changes in the realities on the ground in rural Ethiopia which need to be acknowledged and debated in order to find ways to manage the transformations successfully. The chapter outlines some of the key arguments set out in the briefs, and considers some of the wider implications. This chapter should therefore be considered somewhat tentative and speculative as it seeks to stimulate constructive debate about the multiple changes, transformations and transitions.

We suggest that there is a disconnect between understandings of rural Ethiopia and the lived and imagined realities on the ground; and a lag between the systems currently in place to promote development and people's aspirations. The period of rapid and sustained growth and modernisation that the country has experienced over the past two decades has brought about profound changes, with many positive outcomes for the rural population. These led to improvements in livelihoods and lifestyles, with certain social categories benefitting tremendously. However, the changes also led to increasing divisions and inequalities and disrupted long-standing relations between social categories: between the rich and the poor, between those with access to land and/or capital and those with too little or none, and, in different respects, between generations and genders. There are also growing disparities between better and less well-connected communities, and between areas and households within communities that are closer or further from roads and urban centres.

In this overview we discuss ten issues: the rural-urban interface, land and changes in the rural property regime, agricultural modernisation, rural livelihood diversification, demographic change and young people's transitions, changing patterns of migration for work, the evolution of the rural economy, changes in patterns of inequality, changes in the social protection landscape, and rural governance under pressure. The extent of change, the degree of transformation and the amount of continuity varied within these issues and among communities. Moreover, many of the changes were very much inter-related. Managing change and transformation and in some cases transitions will require recognising that they are in part driven by forces beyond government control, and will be better addressed if discussed and well understood so that government policies and plans can be adjusted accordingly.

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<sup>1</sup> This paper has been prepared by Alula Pankhurst and Catherine Dom. Thanks for comments from Sarah Vaughan and Philippa Bevan.

<sup>2</sup> For details about these sites see the introduction to WIDE in this book.

**1) The rural-urban interface in transition**

In the minds of planners, intellectuals and the public at large Ethiopia is still conceived of as a predominantly rural country, and one where the countryside is perceived as broadly separate from the towns. However, this has arguably not been true for some time, and is continuing to change very rapidly: processes of urbanisation in rural areas have been taking place over two decades and the pace of change is likely to accelerate. In the 2007 census the urban population represented only 16% of the population. Ten years later in 2017 United Nations estimated the urban population at one fifth (20.31%). This is set to increase rapidly with over a quarter of Ethiopia's population living in towns within 10 years in 2028 (25.8%), and over a third by 2041 (33.4%; UN 2018). However, these statistics may well have underestimated the extent and rate of increase of the urban population, something which may become clearer with the results of the census this year.

Quite apart from the statistics, processes of urbanisation in rural areas have been changing people's ways of living and thinking. The WIDE research following 20 communities over 25 years has documented three processes of urbanisation described by Bevan (2017a). These involve: 1) 'urbanisation', that is the development of urban infrastructure and buildings within rural kebeles; 2) urban expansion into rural areas, including expanding internal kebele towns, 'ribbon' development along the main roads, urban 'creep', and in peri-urban areas urban, annexation of rural land into the town boundaries; and 3) thickening economic and social rural-urban links through the development of rural exports (crops, livestock and products and building materials such as sand, stone and timber), closer linkages (trade, work, investment, access to services, and information), and imports of ideas, consumer goods, factory-made food and drinks, construction equipment and materials, inputs for agriculture and businesses etc.

In addition to the transformation of rural spaces and world views urban-rural linkages increased rapidly with improvements in roads, transport and communications and electricity. Rural residents, especially the youth, adopted urban values, ways of dressing and consumption, and commuting became a way of life for some. Expansion of communications and the rural non-farm economy made factory goods and services associated with urban life more easily available, which reduced the differences between urban and rural lifestyles.

While urbanisation is fundamentally transforming rural society with many positive gains, these processes have also contributed to the emergence of differentiation within rural areas, in spatial, economic and social terms. In the urbanised areas of rural kebeles, there has been a massive expansion of the service sector. Thus, within what are still broadly considered 'rural areas', divides have emerged between, on the one hand, more accessible or urban locations mainly along and near roadsides (generally with access to electricity, better services, diverse or new livelihood opportunities and lifestyles), and, on the other, the rural farming hinterland, where ways of life have changed far less. Moreover, increasing proportions of the population were becoming involved in non-farming sectors and livelihoods, with trade and services increasingly important. As we shall see the next section, urbanisation was contributing to heightening inequalities, and the dichotomy of rural/urban tenure regimes has created tensions, uncertainties and issues related to investment and dispossession. Moreover, the wealthy were able to access urban services in education, including private pre-schools and colleges, and private health care, and some were able to invest in urban property and the transport sector.

There were variations in the extent of urbanisation among the WIDE sites and among those studied in the Bridge phase. These processes were most apparent in Ude/Sirba located in Ada'a wereda. The incorporation of rural kebeles into urban areas in this wereda led not just to a physical loss of land to the city of Bishoftu, but also to a loss of revenue for the wereda. Moreover, the development corridor along the main road cutting across the site led to industrialisation, with flower and poultry farms and several factories. Ude was also recently defined as a municipality, which resulted in changes in taxation and the land tenure regime, and is arguably also associated with increased

speculation in land. These spatial changes not only affected livelihoods, but also local patterns of consumption, leisure activities and aspirations.

While the changes are profound, it is important to acknowledge that the pace of change and the extent of structural transformation vary considerably across the country. The WIDE sites are not as remote as they used to be and there are areas of the country where the penetration of urban influences and values is much less evident. Even within the Bridge sites there were notable differences, with at one extreme Ude/Sirba in Oromia in the rapidly urbanising corridor between Bishoftu and Mojo, bisected by the expressway and trainline, and at the other extreme Harresaw, in eastern Tigray at the end of a rough road on the escarpment with Afar, where the urban area is still very small with only limited development of services. However, even there, the differences in lifestyles between those living in traditional *hidmo* flat-roofed stone houses in the scattered hamlets and those living in this very small 'urban centre' were striking. As the government plans to continue to improve road access and expand secondary and rural towns across the country, this rural-urban transition needs to be seen as a growing country-wide phenomenon and a driver of national development.

## **2) Land and changes in the rural property regime**

Changes in land tenure and farming practices in rural areas have been happening as a result of reduced holdings, formalisation of rights and pressure on land for various uses. There are several inter-related changes operating at different paces in various settings. These include the change from rural to urban tenure described above, the changes from farming to industrial and commercial uses, and the increasing role of market forces as well as government land use and management processes, notably, the informal land sale by farmers and allocation of land to investors by state actors. The intervention of the state in formalising land rights partly reinforced customary rights but also challenged them.

The size of rural landholdings has been gradually decreasing in Ethiopia, notably in the highlands, while the population has been steadily increasing leading to a situation where land holdings of less than half a hectare which are almost unviable have become common. These were famously described as "starvation plots" by Dessalegn in a study he conducted in the densely populated area of Wolayta in 1990 (Dessalegn 1992). For the WIDE sites the mean household landholding in 1997 was 1.72 hectares, but in two of the Bridge sites it was already under one ha. (Aze Debo 0.99 ha. and Harresaw 0.57 ha.; Bereket 2004). Currently, although a few households have larger holdings, average land sizes were reported to be half a hectare in two of the sites (Aze Debo and Sirba/Ude), though many people, especially poorer households and the young, had much less or no land at all (Frankowska 2019, Mulugeta and Shiferaw 2019, Dom 2019).

When households reach a point when they can no longer divide land according to custom among offspring at marriage or on inheritance, the need to diversify into non-farming based rural livelihoods becomes even more pressing. As the land brief notes (DBIII:01)<sup>3</sup>, there was also evidence that with the formalisation of title deeds, the process of legitimising inheritance became more complicated; the state also became more involved in inheritance processes, as local authorities sought to avoid further fragmentation of holdings.

However, despite reducing average land sizes and limited land redistributions since the 1970s (in Tigray by the TPLF in areas liberated from the Derg; and by the regional government in some areas of Amhara in 1997) inequalities in land holdings have continued. While very large landholdings are a thing of the past, in much of the country and in the four Bridge communities, the difference between being landless, having a quarter or half a hectare or more than one and, for the few who

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<sup>3</sup> The full references to the Discussion Briefs are provided in the introductory paper.

are better off, two hectares or more, can mean the difference between being destitute, barely surviving, managing an independent livelihood or thriving and becoming part of a wealthy elite. Moreover, richer farmers, especially those with cattle, sufficient surplus labour, and access to capital through either farm or non-farm incomes, are able to increase their access to land through sharecropping arrangements and, increasingly more commonly, through renting-in land. Indeed, the gradually increasing shift from sharecropping to rental is part of the transition to a more monetised economy linked with shifts towards a more contractual market-based system. Moreover, the increasing rates paid for land rentals are evidence of the rising value of land, with prices currently ranging from 2,000 to 3,000 birr for a quarter of a hectare, depending on the site, the quality of land and its use.

State-led formalisation of the land tenure system through the process of certification has been an important policy which sought to improve security by determining, asserting, and protecting the land rights of smallholder farmers, with second level GIS-based certification underway to different extents between regions. This can be seen as a continuation of the revolutionary principle of “Land to the Tiller”, an ideology which continued to be upheld by the EPRDF with the intention of defending peasants from dispossession and reduction to an urban proletariat (Lavers 2013). The certification process can be an important technical instrument to protect land rights and seems to have served to confirm the entitlements of an older generation, and, to some extent, to protect the rights of wives in cases of divorce. However, it may have made the processes of inheritance more bureaucratic. Even though in principle land registers should be updated to reflect inheritance changes, in practice there do not seem to be systems in place to ensure this can happen easily; this may be even more problematic in a context of ever dwindling land sizes. The land brief (DBIII:01) also notes some concerns about the second level GIS-based certification where the maps produced were difficult to understand, with the new technologies creating distance between policymakers and communities, discouraging consultation and feedback. Moreover, in early 2018, land certification did not seem to have helped farmers use land title deeds as collateral for loans. However, there are indications that some regional MFIs have started considering this prospect. Most importantly, certification has not protected farmers from compulsory eviction by the state, nor does the law allow them to sell their land in case of need, in spite of informal land sales being common.

Decreases in landholding sizes were also one factor leading to greater pressure on grazing areas. Some of these had been enclosed for rehabilitation and forestry projects; others were allocated to landless youth groups, sometimes leading to tensions with the older generation of farmers with livestock. Grazing areas were also targeted for community projects such as schools, often because of less organised resistance to expropriation of communal rather than ‘private’ holdings. However, in Yetmen this led to a serious conflict in 2010 when local people opposed the expropriation of land for a secondary school. Recently in Yetmen the urban administration built some houses for auction on grazing land, while all other land-related investment that the municipality hoped to promote was met with local opposition.

In addition to decreasing land sizes and the effects of urbanisation, another crucial driver of the change in land tenure and influence of market forces has been the transfer of land to commercial investors, which has been the subject of much debate (Dessalegn 2011). Among the WIDE bridge sites this has been a feature mainly in Ude/Sirba and to a lesser extent in Aze Debo. In Ude/Sirba some of the investment projects obtained land through the region and the wereda notably for flower farms and factories. Dispossessed farmers were compensated at rates which they considered to be far too low; compensation rates were increased somewhat but remained far lower than what investors were willing to offer farmers. Moreover, the formal investment route through the wereda was suspended. However, a much more prevalent process was the informal or illicit sale of land by farmers to individual investors especially along roadsides or close by at much higher rates, with these processes becoming gradually legalised in ways that often lacked transparency. For farmers the choice was a rational one to obtain a better deal and avoid the much lower official

compensation rates through 'pre-emptive' sales to private investors, on the assumption that they would lose land anyway as urbanisation and investment processes inevitably expand. Respondents mentioned cases of farmers that had not used compensation money wisely to establish productive livelihoods, and the need for training and support in this regard has been suggested in the land and urbanisation brief (DBIII:01).

The picture in the WIDE bridge sites varies considerably and compulsory dispossession for investment or voluntary pre-emptive sales were primarily a feature in Ude/Sirba, with some investment in Aze Debo by coffee processors. Meanwhile, in Yetmen attempts to attract investment by the municipality were resisted by the rural population, and Harresaw was too remote to attract much investment, except one case of land given for bee-keeping. The evidence suggests that as the boundaries between rural and urban areas were shifting there was a strong demand and covert existence of *de facto* land 'sales' taking place by expanding into rural areas the rule applying to urban land allowing buildings on land to be sold. There seemed to be a trend whereby formal government-led processes of providing land to investors had been stalling while informal processes of land transfers continued; or where formal and informal processes coexisted but the former were undermined by the latter.

Given the widespread expansion of unofficial land sales, further debate on the processes of change from agricultural land to urban, industrial, commercial and residential uses would be important especially since these processes are likely to increase. In particular, ways of protecting farmers' rights and interests should be prioritised to avoid the negative consequences of unnecessary speculation and reduce risks of farmers losing out. Training and support could promote viable alternative livelihood investments for farmers selling their land or losing it to government-led land use change plans. Furthermore, as the land brief suggests, there is a need for a more sustainable, stable, gradual and planned approach to the shifting boundaries between rural and urban tenure systems; the time may be ripe for revisiting the whole issue of land tenure rights, by considering whether an integrated policy and legal framework for all types of land might better address the issues arising from accelerating urbanisation and industrialisation and the need to protect the farmers' rights. Strengthening the capacity and probity of the land administration institutions supported by more robust judicial oversight should also be a key component of reform.

Landlessness of the younger generation is an even more pressing problem with hundreds of young people unable to access land. As we shall see in relation to demographic change, in all the sites youth access to land was increasingly constrained, except for young men from the wealthiest households, and many households simply cannot afford to divide their meagre land holdings further. In spite of agricultural intensification, the farming system may be reaching its limits, suggesting the need to reconsider ways of addressing this pressing problem. This may be a further argument in favour of more emphasis on facilitating non-farming livelihoods and migration, as discussed later in this chapter. Provision of land for youth by the kebeles was also fairly limited. Some landless and homeless youth had been provided housing plots in Harresaw; and youth groups or cooperatives were provided land or space for their activities in several sites, including for irrigation in Yetmen, although this often generated tensions.

Access to land by women was further constrained. Though the law affirms the right of daughters to inherit, a range of customary practices militate against this. These include the norms of providing land to sons; the division of labour that expects men to carry out ploughing; and cultural rules of post-marriage virilocal residence resulting in most women marrying away from their parental villages. As a result in practice daughters seldom seem to press their claims, with land shortage reinforcing the customary logic. Women's access to land on divorce or the death of their husband was similarly constrained by customary norms, and also by the need for male labour. However, the situation was certainly improving and women who took their cases to court often received support, and were able to enforce their legitimate claims. Widows were increasingly able to assert land claims

in their own right and not just as caretakers for their sons. The process of land certification with the wife's photograph being included alongside the husband's has been said to enhance women's tenure rights; however, the land brief suggests that the second level certification does not seem to have further strengthened these rights.

### **3) Agricultural modernisation**

Within the farming sector there have been changes related to greater urban demand for food, involving crop intensification with fertilisers and improved seeds, irrigation development and to some extent hybrid livestock breeds. These led, as noted in the farming brief (DBIII:02) to increased production and productivity, except where this has been hampered by drought. However, the WIDE Bridge findings suggest some concerns about the differential impact of agricultural modernisation and potential limits to the intensification of the agricultural system. The expansion of, and dependence on, artificial fertilisers and, to some extent, improved seeds has grown considerably over the years. However, this has exacerbated inequalities: richer farmers benefited disproportionately, whereas many poorer farmers were unable to afford the costs or fear indebtedness, especially in drought prone areas. Moreover, farmers also expressed a concern about the soils becoming 'dependent' on fertilisers and about risks of loss of soil fertility. A recent change only observed in Ude/Sirba among the four WIDE Bridge sites, was the use of different fertilisers for differing soil types as promoted by the Agricultural Transformation Agency (2015). The use of weedkillers and pesticides also expanded, although concerns were raised that some required crop rotation, might result in loss of soil fertility, and were harming bee populations. However, the health risks of chemicals such as the Roundup weedkiller were not mentioned, despite these being well known in other countries. The farming brief also suggests the need for further research and promotion of appropriate native seed varieties and inorganic fertilisers, and the integration of agricultural science and customary agricultural and ecological knowledge for improved economic benefits and environmental sustainability.

The expansion of irrigation, as documented in the WIDE3 research from 2010 to 2013, brought wealth for those with access to irrigation and ability to sell produce to urban areas, also potentially improving their nutrition. However, this also resulted in increasing differences between those with and without access to irrigation. The Bridge research in 2018 highlighted several constraints on growth through irrigation intensification. In Harresaw repeated drought years rendered the dam and costly new irrigation systems ineffective. Unless there is a series of good rainfall years, the prospects do not seem encouraging, and irrigation would in any case remain vulnerable to another series of bad years. In Yetmen upstream irrigation within the watershed has seriously limited the potential for farmers and youth groups to increase their irrigation production. Unless institutions for watershed management, water allocation and sharing, and conflict prevention and resolution are established or enhanced, the scope for irrigation development seems limited. In Ude/Sirba, while some expansion has been taking place, with the digging of private wells and the role of investors, in March 2018 the large-scale government investment in irrigation had not yet materialised after six years and there was lack of clarity among interviewed community members as to how it would be managed even when it does become functional. There will be a need to develop clear guidelines for the participation of farmers, in order to ensure that the project can become viable and sustainable when completed. In Aze Debo, underground water was easily available and irrigated horticulture has been increasing as a good source of income by many smallholders, encouraged by the proximity of a significant urban demand. However, technologies are rudimentary and there was little wereda investment to expand and improve irrigation practices.

Within the livestock sub-sector we noted above the rapid decrease in communal grazing areas, not least because these were often the most easily available source of land to allocate in response to different demands for land, whether for urban expansion, investment, redistribution to youth, or community projects such as schools. This led to a shift towards zero-grazing or cut-and-carry

systems, sometimes resulting in the parcelling and privatisation of grazing areas as happened in Harresaw. Farmers were also increasingly focussing on cross-bred cattle for dairy and fattening especially where market linkages had improved and they could access industrial feed. This contributed in some cases to increasing inequalities, where wealthier farmers were better able to transition to a market-linked system having sufficient capital to buy the cross-bred livestock, purchase livestock feed, and hire labour in case family labour did not suffice. However, with artificial insemination and better markets for milk increasingly more farmers were able to afford keeping cross-bred cattle. There has also been an expansion in the production of chickens and eggs with more emphasis on cross-bred varieties at the household level but also among youth groups, and in Ude/Sirba external investors setting up poultry farms. Overall, growing urban demand for meat and dairy products and chickens and eggs, as well as greater household consumption, has raised the importance of the livestock sector especially in Aze Debo and Ude/Sirba, where market access has been increasing.

Moreover, there are signs that the increased importance of market-oriented livestock production might lead to changes in the gendered pattern of production and income control. Traditionally livestock management and the processing of livestock products was largely a women's domain offering them some control over the income, especially from butter and the sale of eggs. There were signs in earlier WIDE research that the transition to more costly practices of cross-bred cattle and improved poultry and the higher value of livestock products can lead in some instances to shifts to more control by men of the production and income. The increased profitability of livestock production may also lead to involvement by external investors requiring investment beyond the reach of local smallholders. For instance in Ude/Sirba, poultry farming was largely controlled by external investors.

The brief on modernising smallholder agriculture (DBIII:02) suggests that extension services should become more geared to the needs and capacities of poorer farmers, women and youth, since richer, more established and model farmers were benefiting most from modernisation and were better able to access information and inputs. This would also require innovative thinking in relation to credit provision, expansion of crop and livestock insurance, and pro-poor allocation of public subsidies, so that these more vulnerable groups become more able to put into practice the advice, guidance, training and inputs provided. There is also a need, as we shall see in the next section, to expand and promote extension services that are geared to supporting non-farming rural livelihoods.

#### **4) Rural livelihood diversification**

In a context of modernising agriculture, land scarcity, urbanising rural areas, and broader economic transformation, the WIDE research shows that farming is no longer the only or even the main source of subsistence and economic growth for many 'rural' households and individuals. Both necessity and opportunity led many to diversify beyond farming into the non-farm sector. Off-farm and non-farm livelihoods were becoming increasingly important in rural areas both for growth and survival, calling for a reconsideration of prevailing assumptions.

Transitions out of agriculture were happening among the richest people seeking to take advantage of opportunities from an expanding economy and rapidly increasing urban connectivity of different kinds, but also, among the poor and youth as a means of making a livelihood since they were increasingly unable to obtain land or had less interest in leading farming livelihoods. The WIDE evidence also suggests that farming and non-farming livelihoods need not be seen as contradictory or mutually exclusive but can be, and often are, complementary and mutually supportive. Many households managed to keep one foot in the farming economy and the other in non-farming activities, using profits from farming as a springboard to expand into non-farming activities, investing non-farm earnings and profits in farming and vice versa.

While these processes were happening within communities through household initiatives, a number

of government interventions, notably the promotion of micro urban settlements within rural kebeles and the decisions to municipalise slightly larger mini towns, created further impetus for movement into the non-farm sector. However, it appears that in practice, in areas designated to become towns, farmers may be losing access to agricultural extension support, as shown in the case of Yetmen. The land brief (DBIII:01) suggests the need for interim measures in the transitional period to support farmers living in areas where urban settlements are officially recognised and promoted as municipalities.

In addition to these direct government interventions, wider processes involving the expansion of roads and communications provide encouragement and incentives for further moves into the non-farm sector. In the four communities they provided a major boost to the service sector which includes cafés, bars, restaurants, butchers and hotels, shops for various consumer goods including factory-made foodstuff, drinks and clothing, tailors, barbers and hairdressers. They also supported a few small manufacturing enterprises such as wood and metal workshops and businesses and employment in the construction sector. The development and improvement of roads encouraged the expansion of trade and the transport sector, which provided opportunities for richer households to invest in vehicles and bigger businesses, thereby creating job opportunities for others. The expansion of telecommunications, notably mobile phones and potentially internet services, also created opportunities for businesses in this growing sector, including mobile charging and repair, music downloading, photography and printing.

The implications of this rapid expansion of the non-farm economy as outlined in the non-farming livelihoods brief (DBIII:03) suggest the need for a policy approach that addresses the rural non-farm sector in its own right. This could involve the provision of training and appropriate technical, professional and managerial advice, and, in some cases, financial and workplace support, especially in the more rapidly transitioning rural kebeles or parts of communities. This could lead the rich to expand their businesses, creating further employment for the poor and jobless, and could also assist the poor to progress beyond survival through their non-farm activities.

As noted in the same brief, economic elites and those living in the more urbanised parts of the communities, who were often engaged in non-farm activities, had different and often new livelihood aspirations and lifestyles. This created a demand for expanded and new goods and skilled services in installation, maintenance and repair of electricity and electronics, wood and metal work, and communication technologies. A government promoted response to this demand would create jobs, if adequately supported, such as through TVET options to improve skills, scaling up and formalising apprenticeships, and wider dissemination of skills. These programmes would be more successful if accompanied by off-grid electrification investment, alleviating pressure on the national grid and promoting green technologies. As we shall see, the promotion of the non-farm sector would also require a more gradual and supportive approach to the formalisation of the sector and taxation of start-ups as well as better facilitation of migration processes.

### **5) Demographic change and young people's transitions**

Ethiopia has a youthful population full of potential with much dynamism, ambitious aspirations but also many unfulfilled needs and expectations. More than at any time before, the issue of youth employment is critical to Ethiopia's success and stability, and its ambition to attain lower middle-income status. At the time of the 2007 census roughly 41% of the rural population were aged between 10 and 29. In 2015 about half the population (49%) was under the age of 18, and a third (34%) in the 5-18 age bracket. In 2017 Ethiopia had one of the highest proportions of 15-to-24-year-olds worldwide (21.7%) (Population Reference Bureau 2017). Over the next decade the size of the youthful population will continue to increase. Harnessing the potential of the 'demographic dividend' through appropriate investments in human capital and inclusive economic growth is therefore a crucial imperative for Ethiopia's transformation.

Nevertheless, there are many challenges to the active participation of youth in social, economic, political, and cultural life and the country is still characterised by a relatively low Youth Development Index and in 2016 was ranked 131 of 183 countries (Commonwealth Secretariat 2016). Following almost a decade of policy attention, primarily given to urban youth unemployment, un(der)employment of rural youth has lately become a pressing issue. The Government established the Youth Revolving Fund in early 2017 to provide financial assistance for young people to organise in groups and obtain training and credit to establish businesses. Moreover, in the same year the Rural Job Opportunity Creation Strategy was finalized and also recognises the importance of a range of strategies including facilitating access to the labour market and migration. This is, however, at a nascent stage in terms of implementation (MoARN 2017).

Youth transitions to adulthood involve personal, social and community transitions. In the WIDE framework set out by Bevan there are six personal transitions (Bevan 2011, Pankhurst 2017b): physical maturation and puberty, circumcision in some cultures, sexual initiation, the end of formal education, and acquiring work skills. The social transitions can be divided into two: family transitions, that include marriage, setting up an independent household and parenthood, and work transitions, that include home-related work careers, income-generating work, and gaining economic independence. The community transitions can be divided into three: involvement in social networks, in community organisations, and religious and political citizenship. The focus in the WIDE Bridge phase has been on youth economic opportunities, and the transitions from education to work, and establishing livelihoods have received most attention in this introduction. However, other transitions, notably establishing an independent household and involvement in community institutions are very much interrelated with youth access to economic opportunities.

While the macro picture of youth (un(under)employment may seem worrying, paradoxically WIDE evidence from the ground shows that large numbers of young people were becoming involved in a wide range of productive activities. The interrelated processes of urbanisation, modernisation, globalisation and expanding communications were offering them opportunities to engage in more varied livelihood activities, described in the non-farming brief, many of which were uncommon in rural areas until recently. However, the evidence from the WIDE research also highlights a number of challenges.

With regard to education, a dominant concern among policymakers is the decline in quality, which resulted from the rapid extension of education, which also produced a much expanded and better gender-balanced access especially to primary education. However, the WIDE research suggests that an equally, if not more pressing concern, is the mismatch between aspirations generated by the education system and the realities faced by many rural students and their communities. Moreover, the prioritisation of rapid expansion of tertiary education has inflated expectations, leading many young people and their parents to aspire for government or 'white collar' jobs (Dom 2017a). The more years young people spend in education the less they seem to wish to follow in their parents' footsteps, pursue farming livelihoods and remain in rural areas. As many fail to reach the education level which would allow them to pursue 'higher goals', this leaves them and their parents disillusioned with the education system, feeling that it does not prepare them adequately for the job market. The youth brief (DBIII:04) also suggests that, despite the promotion of TVET, technical jobs still tend to be seen by many as inferior, second-choice fall-back options. In terms of the transition of youth from education to the job market, in addition to the issue of unachievable expectations, there seems to be a mismatch of skills, and still insufficient attention to training, promoting innovative thinking, entrepreneurship and building on local knowledge and conditions.

There was also evidence that some disillusioned youth, unable to find jobs or access land and form their own households, became frustrated and remained unemployed, a condition described in the international and African literature as "waithood" (Honwana 2013), also applied to the Ethiopian urban context (Mains 2011). Others put all their hopes on migration abroad. Some, particularly

young men, became involved in negative livelihood activities including excessive consumption of alcohol, *chat* and other drugs (Yeraswork 2017), and a few in theft and other crimes. Their frustration at the absence of gainful and meaningful work after building up high aspirations also fuelled 'hopelessness' regarding the future for young people and distrust in the state and the political system.

The new communications media have become a fascination for youth, influencing their leisure behaviour notably in relation to music, film, clothing and hairstyles (Pankhurst 2018). Social media, notably Facebook, attracted young people, despite and even perhaps partly because of the restrictions imposed, and some, in the Oromia site, became followers of (at the time) diaspora political activists, sometimes raising concerns among the older generation.

Equally importantly, and feeding into this trend of discontent, there appears to be a disconnect between the approach to youth employment that is promoted by the government and young people's own initiatives to improve their livelihoods. In most cases young people's own initiatives depended on their personal drive and support from families, rather than working in groups as promoted in government interventions, or depending on other forms of institutional support. The establishment of the Youth Revolving Fund gave a boost to government initiatives to promote youth cooperatives, providing them with land, capital, training and workspaces. However, the schemes only reached a small number of young people due to a combination of budget limitations, lengthy access processes, and restrictive eligibility criteria. Moreover, there were a range of constraints on the groups becoming successful. These included the strong preference of most young people for individual rather than collective work, strained relations between the leadership and members, problems with previously unpaid loans, difficulties in obtaining credit, late disbursement of loan funding, limitations on the kinds of ventures that are eligible for support, competition from individual actors and private investors, and favouritism and nepotism in selection of ventures and group members. Moreover, there was no support for young people in rural kebeles who wanted to engage in non-farm activities, as shown in the youth brief (DBIII:04). Both earlier and recent WIDE evidence also suggest that for many of the groups, weak market linkages are an issue. Some groups did better in this respect, notably the cooperatives in stone and sand extraction benefitting from urban construction demand, although they were not immune to the other problems just mentioned. Moreover, in most cases the income generated by the groups was low, and insufficient to enable young people to save as the government scheme expects them to do. In fact, most of the young people working in cooperatives were also doing other sideline businesses individually as the group work may not fully engage them and the income was not sufficient to support them.

Among the youth, recent changes heightened inequalities between young people from richer and poorer households, between the more and less educated, and, in certain respects, between young men and young women. Access to land for young people was largely restricted to young men from wealthy households who often had better land access. Young people from richer households were much more likely to be able to afford the costs of upper secondary and tertiary education, particularly in private colleges, especially due to costs of transport, accommodation and living expenses in towns. Given the difficulty in accessing capital or loans, unless through income earned from migration or forming youth groups, it was mainly young people from better off households who were able to finance starting up businesses. In contrast young people from poor households were much less likely to be able to obtain family land, continue with schooling to higher levels, receive further training that might increase their chances of employment or raise funds to set up businesses.

The situations of young women interacted with and were partly compounded by poverty, but gender dimensions also further disadvantage them in comparison to male youth. Adolescent girls faced far more risks in the transitions to adulthood, in relation to early marriage, female genital cutting, abduction, even though the evidence shows that these practices are declining and adolescent girls'

agency is increasing in part due to education, urbanisation and globalisation (Pankhurst et al. 2016, 2018, Bevan 2017b, Pankhurst 2017b). While adolescent girls were increasingly able to pursue education, if they became pregnant, had a child and/or got married their chances of continuing with studies and obtaining employment reduced dramatically. With day care and kindergarten opportunities extremely limited and costly, this presented a further constraint, though many managed by relying on their mothers and other relatives. Young women also faced parental and societal pressure to get married and have children, though there are signs that this is changing. They also had less access to communications and media, with less likelihood of owning mobile phones, apart from those who had migrated, or had husbands, friends or relatives working in another country (Pankhurst et al. 2018, Pankhurst 2018). Moreover, their social life and leisure time were often constrained by household work and in many contexts social norms that limited their ability to move freely in public spaces.

Despite this, many young women were successful in establishing businesses that range from petty trade or food and alcohol production and sale to more lucrative businesses such as bars, restaurants and hairdressers. Migration, as we shall see, provided some opportunities for those who were successful to gain more independence and to establish their own businesses (Dom 2017). More broadly, the WIDE evidence suggests that young women who succeeded in non-traditional ways, including the few who became waged workers, were admired, but they also represented a challenge to still deeply entrenched social norms (DBIII:04).

#### **6) Changing patterns of migration for work**

Whilst rural outmigration is nothing new in Ethiopia, it is changing in several ways including in terms of the numbers involved, the profile of those who move, the range of destinations, and the spectrum of migrants' motives. Furthermore, the WIDE evidence outlined in this book and earlier WIDE analyses support the argument that well-managed rural outmigration can significantly contribute to rural development and more broadly to economic growth, structural transformation and poverty reduction (Dom 2017b, Dom and Alemu 2018). We therefore suggest a need to revisit government policies and practices with regard to labour mobility.

Internal mobility was crucial to Ethiopia's social formation in the late 19th/early 20th century and the period following the Italian occupation saw considerable rural-urban long-term and rural-rural seasonal migration (Feleke 2005, Bevan et al. 2006). Whilst voluntary mobility was severely constrained under the Derg, the EPRDF government fully recognized it as a right and internal migration rose again (Beneberu 2012). The past decade saw a marked decline in rural-rural migration whilst rural-urban migration rose, mostly of young people generally more educated than their peers staying 'at home' (World Bank forthcoming). As Ethiopia has become increasingly open to the rest of the world, international migration has also increased and changed. Following the western-headed migration for education of a small number of elites in the imperial period and larger waves of people fleeing the Derg, in recent decades labour migration emerged and rapidly increased initially to relatively welcoming countries; mainly the Gulf countries, Sudan and South Africa (Asnake and Zerihun 2015). Irregular and legal migration abroad coexisted until October 2013 when the government banned the latter in response to the growing number of harrowing stories. At the same time, the Saudi authorities began to crackdown on illegal migrants. However, as early as 2016 there was evidence that, after a temporary lull, migration to the Gulf countries had ramped up again, whilst migration to Sudan and South Africa, less systematically monitored, is unlikely to have been seriously affected by the ban (Dom with Vaughan 2018).

The WIDE evidence shows that in 2013 out-migration for work was a major livelihood option in many more of the communities than in 1994, with flows comprising mainly young people with a rising number of young women, heading to a range of destinations. In early 2018 these trends appeared to have amplified and rural outmigration was more complex with individual or households' decisions

reflecting a spectrum ranging from coping strategies to investment (Dom 2017b, Dom 2018, Dom and Alemu 2018, Dom and Mulugeta 2019). In a number of communities migration abroad exceeded internal migration in actual and perceived economic and social importance. In others, migration abroad was less important but large numbers of both young men and women were moving for work to nearby or farther towns and cities of various sizes, some of them taking up jobs in flower farms and factories. In all cases there was evidence that migration aspirations were rising not in spite of, but as a result of, these communities' development. Much greater connection with the outside world, education and greater exposure to 'global ideas of a good life' all played a significant role, especially for the younger generation.

The WIDE evidence also shows that, despite real risks, migration abroad can and does in some cases lead to greater prosperity – for the migrants themselves, their families at home, and the community at large as remittances and savings were invested in the local economy. This was particularly visible in the Kambata community where a significant number of young men migrated to South Africa (Frankowska 2019). In contrast, in other communities where migration abroad was primarily to the Gulf countries, it was clear that the ban did not succeed in curbing the trend, and instead pushed people to irregular migration as the only option. Much harsher conditions on the journey with the war and lawlessness in Yemen and at destination, and stricter policies of the authorities especially in Saudi Arabia made migration a much riskier and less profitable venture for the large majority (Dom and Alemu 2019). Following the enactment of the proclamations on trafficking/smuggling (FDRE 2015) and employment abroad (FDRE 2016), regular labour migration abroad was again possible and a number of important provisions were being promoted such as ensuring training for those going. However, the WIDE evidence from early 2018 suggests that this new policy was not well known. Moreover, it will be important to monitor the extent to which those currently migrating from rural areas were able to fulfil government prerequisites. Devising measures such as pre-grade 10 skill training could help the large number of rural would-be migrants who currently do not fit the required profile. It would also be useful to provide advice, training and other business development support measures, for returnees who are ready to invest but often face challenges to identify worthwhile ventures and may risk investing their hard earned money unprofitably.

Within Ethiopia we found that, under current conditions, migration to towns, factories and industrial parks often leads to little more than hand-to-mouth lives with limited returns. Urban migrants often face precarious and exploitative conditions, including being forced into unwanted sex for young women working as housemaids or waitresses in bars, cafés and restaurants. However, this was also more generally linked to pay levels that were not commensurate with minimum living costs even in more formal jobs. The WIDE data suggest that low industrial wages for rural commuters and migrants contribute to poverty and economic inequality (DBIII:05). This may also negatively affect productivity due to high turnover, so that there seems to be a case for reviewing the benefits but also the costs of the current policy of promoting Ethiopia as a country with cheap labour.

As also highlighted in a recent World Bank study, urban migrants often face challenges in accessing ID cards, in turn leading to difficulties in finding accommodation, accessing health services, and generally claiming their rights (World Bank forthcoming). Migrants are usually barred from government job creation schemes aimed at urban youth. Rural-urban migration has indeed long been seen as undesirable (Dom 2009). Whilst there may be a shift more recently with government documents recognising the potential benefits of 'well-managed migration' (MUDH 2015, MoANR 2017) at subnational and local levels officials continue to discourage and regard it rather unfavourably (DBIII:04, World Bank forthcoming).

Rural-urban migration is likely to increase further alongside and in interaction with the multiple modernisations evoked in this book. There is therefore a strong case for developing a mobility policy which would bridge the rural-urban divide and support the government's structural economic transformation goal, while also protecting the rights of urban migrants as citizens. Measures such as

the provision of skills training and labour market information would allow better matching of rural migrant labour supply with formal sector demand. Opening up urban youth support schemes for rural migrants especially in smaller towns, would contribute to their economic growth and lessen the incentives for would-be migrants to go farther to bigger cities, further straining these cities' capacity.

The WIDE research indicates that migration can empower women and promote change in social norms and views on women's roles. However, women migrants often face more constraints to their mobility, and higher risks when they do move. Whilst successful women migrants or returnees were appreciated, they were also perceived by some as an unwelcome challenge to prevailing norms. In this and the earlier WIDE book we suggest that special attention is needed to ensure that women's increased mobility benefits them fully (Dom 2017, Dom and Alemu 2018). This could include measures such as ensuring employers uphold the 'equal pay for equal task' principle, enforcing minimum work conditions in the types of employment most often taken up by women, and promoting women's access to banking options independently of their families.

### **7) Evolution of the rural economy**

Through processes of modernisation and increased commercialisation and monetisation as well as the government's drive towards formalisation, Ethiopia's economy, which used to be largely rural and informal, is rapidly evolving, with new mixes of formality and informality emerging, in terms of physical spaces, livelihoods and businesses. These processes had been happening earlier and faster in the larger cities and especially the capital. However, the WIDE evidence shows that this process is now also unfolding in rural areas, notably in the urban parts within rural kebeles, alongside and inter-related with the urbanisation, lifestyle and livelihoods changes discussed above and a growing monetisation of the rural economy. It is particularly visible in the increasing efforts of local authorities to formalise non-farm rural businesses.

A major rationale for the rapid formalisation of the economy is the need for Ethiopia to increase its tax base in order to support expansion of infrastructure and services, including social safety nets for the poorest and most disadvantaged. However, overall, the contribution of tax revenue to GDP has stagnated between 10.7% and 12.5% over the last decade, well below the government target (Princeton 2018), and remains low even compared to neighbouring and other developing countries. For 2017/18 the International Monetary Fund put the ratio at 11.1%, and at the end of 2018 the Prime Minister reported that the ratio was just 10.7% (IMF 2018a, Fana BC 2018). Promoting and scaling up formalisation processes is important and essential for modernisation and increasing taxation is vital for development. However, an overly hasty formalisation of the rural economy without reconsidering taxation strategies for both the farm and nonfarm sectors could undermine the mid-term prospects of rural growth.

At the root of this argument, the important contribution of the informal sector to the economy needs to be acknowledged. The IMF estimated that the informal sector accounted for over 38 per cent of Ethiopia's total gross domestic product in 2013, a little higher than the sub-Saharan average, and employed close to a third (32%) of the nation's labour force (IMF 2013). There are also many wider positive lessons and advantages of informality in Ethiopia, and arguably the need to build on rather than abandon traditions (Heisel and Bisrat eds 2016). Moreover, from an inequalities lens, the informal sector has been playing a crucial role in the survival of poor people, whose livelihoods can sometimes be undermined by overly rapid formalisation processes (Tefera 2013). Examples of this are more familiar in urban settings, such as the displacement of people living in inner cities due to urban redevelopment to areas on the outskirts where they face challenges with livelihood options or transport problems and costs to commute to work places in the city centre (Pankhurst and Agazi 2014). However, similar issues are now arising in rural areas. The WIDE non-farm brief (DBIII:03) provides evidence of how young enterprising people were often discouraged and frustrated by the immediate imposition of high financial and other costs on businesses that were not yet well

established, with some, as a result, deciding to close their businesses instead of expanding them.

Besides the issue of formalisation processes being driven too rapidly in both urban and rural areas, the evidence suggests that there was lack of transparency and sometimes inequality and bias in the current taxation system in rural areas. Within the farming sector revenues among the better off farmers were high and land taxes relatively low. However, there were also a wide variety of additional often unpredictable taxes and levies for various purposes, sometimes implemented on a campaign basis, which resulted in a lack of transparency in taxation of the farming sector. At the same time, in contrast with the low land tax level applied even to farmers with high farming revenues, in the non-farm rural economy entrepreneurs were often struggling with the sudden and rapid increase in taxation. As argued in several WIDE briefs, the emerging nascent non-farm sector, especially the small start-up businesses in the service sector, were being taxed suddenly, abruptly and sometimes arbitrarily and without sufficient consultation and transparency. This risks stifling the dynamism of the sector that potentially can grow fast and contribute greatly, given the limitations to the farming system described earlier.

We suggest that managing this transition more wisely and efficiently would require undertaking the formalisation more gradually with greater consultation and involvement of individuals, institutions and community organisations. Such a more accommodating approach could avoid the risk of discouraging private enterprise and entrepreneurship, reduce the likelihood of resistance and encourage expansion, leading to greater growth and better results in the mid-term.

#### **8) Changes in patterns of inequality**

Statistics produced by the IMF suggest that economic inequality in Ethiopia as measured by the GINI coefficient has been rising, though fairly slowly and at 30 it remained comparatively low in 2015 (IMF 2018). However, there are no data for the last three years and the figures may not pick up the extremes of inequality and the rapidly changing situation in the past few years. Moreover, there is increasing recognition globally and within Ethiopia that poverty and inequality are multi-dimensional and cannot be fully captured or understood only in economic or monetary terms. Recent research has shown that non-monetary poverty can be very severe (World Bank 2018), affecting certain categories notably children disproportionately (Pankhurst et al. 2018, UNICEF 2019). WIDE evidence also points to how inequalities go well beyond income. In addition to social aspects, inequality also has a spatial dimension; rural modernisation processes are most advanced in places with good agricultural conditions and connections to towns. Geographical remoteness and vulnerability to drought are major sources of relative inter- and intra- *community* poverty and inhabitants of these areas are increasingly being left behind.

The WIDE research has shown that, within communities, accelerating globally-linked rural modernisation processes were contributing to increasing inequalities, with elites forming at the top of the rural social pyramid and landless and jobless people sinking to the bottom. The differences were reflected, among others, in housing and furniture, as well as consumer goods and communications means such as TVs and especially satellite dishes. Richer households were also able to access better private services in health and education for their children in urban areas, (Pankhurst 2017a, DBIII:05). The modernisation and inequalities brief (DBIII:05) documents the ways in which modernisation processes are leading to incipient class formation, although in ways that do not fully reflect the classical meaning of 'class', where social groups with separate interests reproduce themselves. More broadly, the same brief suggests that official conceptions of rural development are lagging behind the rapidly changing realities of modernising rural communities. For example, the common conceptualisation of rural people as 'peasant farmers' is misleading. In practice, rural people of different genderages and wealth statuses pursue increasingly wide ranges and combinations of farm-based and non-farm livelihoods, straddling rural and urban economies and spaces.

The WIDE evidence also suggests that economic, political and social inequalities reproduce themselves over time (intra-generational) and across generations (inter-generational). By 2018 opportunities for enrichment had become more diversified and were not only linked to land and livestock as was the case in the past, but also depended on access to irrigation when that was feasible, non-farm and off-farm opportunities and the synergies between farming and non-farming activities, urban linkages and remittances and savings from migration. While there was evidence of some upward and downward intra-generational mobility, those with access to capital could improve their household circumstances considerably while those with little access to capital, even if they had some land or livestock, were often unable to improve their livelihoods to the same extent. Gender also played a role; in many cases women living on their own were often less able to prosper and faced additional challenges, even though there were some women heading households doing very well, even outdoing male household heads.

Considering inter-generational mobility, young people from poorer households generally had a much more limited range of livelihood options, with opportunities through education and migration making a particular difference. The clear inequalities between the better-off and poorer households were accentuated by age with poor children less able to devote time and energy to schooling and younger men and women from poor households unable to pursue education or migration opportunities through lack of funds. Differences in livelihood opportunities and lifestyles between richer and poorer households was one factor fuelling discontent particularly among landless and jobless youth, especially in contexts such as Ude/Sirba where external investors were prospering and some people perceived their success to be built to the detriment of the community. The alienation of youth who were unable to access land or find jobs also contributed to demands for political changes.

People in elite economic and political positions, who are mostly older men, were able to seize economic opportunities and in this way, *de facto* exclude poor men, women and young people from competing for them. To address this, 'inequality traps' need to be countered and the inequalities brief suggests that thinking about consequences for inequality should be mainstreamed in the design and implementation of all policies, programmes and projects. This would require documenting increases in wealth, gender and generation inequalities and potential harm to intra-community relations, and if necessary re-designing the intervention or proposing ameliorating measures.

Ethiopia had two poverty reduction strategies, the SDPRP and the PASDEP, followed more recently by two GTP plans with more of an emphasis on growth and transformation, although pro-poor policies have been retained. However, in the focus on promoting growth necessary to reach lower middle-income status, less attention seems to have been given to gaining a deeper contextualised understanding of how growth can be made more inclusive and to developing measures to address the inequalities engendered by rapid growth. In particular agricultural extension programmes, as suggested in the inequalities brief, should now focus on the middle-wealth and poorer farmers, rather than the richer ones who no longer need convincing and as much support as before, and also on tailoring programmes to the needs of people living in drought-prone areas. In a context of rural out-migration for work in towns and industrial jobs, and considering that salaries of extension workers are now low in comparison to the income of wealthier farmers, the brief suggest for the need to consider of a minimum wage and review the national wage structure. Moreover, strengthening and enforcing health and safety regulations and the promotion of trade unions are important issues that have recently been raised notably by the Ministry of Labour and Social Affairs. In a country where remoteness is closely associated with poverty more emphasis on internal roads and non-grid electricity could also make important differences in reducing inequalities.

While there has been considerable emphasis on gender issues in projects, there is a generic focus on women and insufficient attention to differences in age, wealth, marital status and other statuses.

There has also been a focus on young people, but a deeper understanding of ways in which some categories of young people, and also couples forming households, are able to improve their livelihoods while others 'fall by the wayside' could help design policies and programmes to become more responsive to gender and youth issues. In relation to local government, as discussed in the governance brief, local structures do not seem to be involving women, poor men and young people sufficiently and reform would be required to render them more attractive, inclusive, and participatory.

### 9) Changes in the social protection landscape

Until recently most social protection in Ethiopia was initiated within communities with limited external support. The poor, needy and other categories at risk relied largely on support from neighbours, kin, better off households, and community customary and religious institutions and leaders. However, there has been a growing formalisation of social protection and this is likely to increase with the implementation of the Social Protection Policy of 2014 and the subsequent Strategy of 2016 (MoLSA 2014, MoLSA 2016), and the gradual training and deployment of social workers.

The key issue facing the government is whether it can develop affordable, effective and integrated social protection systems, which requires generating revenue in part through increased and more equitable taxation, better linkages with community-based social protection, and adaptation to different local contexts.

Ethiopia is fortunate to possess rich traditions of community institutions, with customary organisations among the different ethnic groups, largely involved in dispute resolution, and to some extent promoting support for those in need (Pankhurst 2008a). There is also a range of traditions of mutual support for production, notably share-cropping and share-rearing institutions, and various forms of labour-sharing and pooling arrangements, including reciprocal and festive work groups. For households facing crises, in addition to support from kin, neighbours and richer households, community institutions facilitate adoption of orphans, notably in the Oromo *guddifecha* tradition. Religious institutions in customary, Orthodox, Muslim and Protestant traditions offer alms and support especially in the form of food and money to beggars, the disabled and destitute, notably at churches and mosques and especially on saints and holy days, and in the Orthodox traditions *mahibers* offer mutual support to members in times of need.

There are also institutions that emerged in the 20<sup>th</sup> century in response to urbanisation and monetisation of the economy, most notably *eqqub* and *iddir*. Having become almost ubiquitous, they are often mistakenly thought to be age-old traditional organisations. *Eqqub* rotating credit and savings associations became increasingly common as a way for members with a regular income who are able to afford the same weekly payments to save and for each member to receive the pooled sum in turn and use it for various needs and sometimes for investment. In case a member faces a special need the others may agree to provide the sum to that person out of turn. The most common form of community initiated organisation are the *iddir* funeral associations. The *iddir* as a membership based organisation with regular payments emerged in the 20<sup>th</sup> century, spreading from urban areas in a context of monetisation of the economy, and are now found across many rural areas. In the past when there had been a conducive environment during the late imperial and early EPDRF periods *iddir* had shown the interest and capacity to expand beyond funeral insurance to provide assistance, for instance to orphans, people living with HIV/AIDs and to provide loans. However, when *iddir* felt that they were being co-opted or used for political ends they retracted to their burial function, as during the Derg period. Nonetheless, during that period *iddir* spread very rapidly throughout Ethiopia, arguably since they often were a form of organisation that was trusted and 'uncaptured' by the state, at a period of increasing politicisation of local government (Pankhurst 2008b).

The history of external assistance goes back at least to the famines of 1973 and 1984 with foreign assistance playing a key role in ensuring the survival of millions. Since then, and especially with the establishment and expansion of the Productive Safety Net Programme, the government, with the support of donors, set up complex systems to reduce the risks of food insecurity crises and provide protection, particularly in order to ensure that households do not sell assets and become destitute. This has involved a dual system with labour on public works for households with sufficient labour and direct support with food or cash for those who are not able to work. The PSNP has played a crucial role in drought prone areas including in agro-pastoralist areas, and is being gradually extended to urban areas. The PSNP has also provided lessons for the development of the Social Protection Policy. However, it has induced some dependency at two levels. First, although the government is now co-financing both the rural and urban safety nets, these remain largely donor supported. Second, in spite of several rounds of redesign, complementary initiatives supposed to help households getting the transfers to gradually strengthen their livelihood so as to be able to graduate out of the safety net assistance, had not been as fruitful as expected and are now facing severe financial constraints. Moreover, there are to this day no safety nets for needy households in rural weredas that are not defined as drought prone and in the large majority of the fast-growing urban areas of the country, and the PSNP at times resulted in child labour despite regulations to prevent it (Yisak and Tassew 2013). Perhaps most importantly, the WIDE research suggests that social protection measures including the PSNP may not be sufficient in themselves and are most effective as safety nets when other aspects of the economy provide livelihood opportunities (Bevan, Carter and Dom 2013)

How the lessons from the robust systems that have been developed can be integrated into sustainable government systems for social protection requires careful consideration as donor support becomes more constrained and the need for increasing domestic revenue becomes more important. The social protection brief (DBIII:06) suggests using mainstream extension services to provide livelihood promotion support to assisted households. This dovetails with the suggestion of the inequalities, farm and non-farm briefs (DBIII:05, DBIII:02 and DBIII:03), to refocus extension services on more vulnerable groups and recalibrate initiatives such as promoting access to credit, insurance and inputs, to take fuller account of their vulnerability.

Other forms of insurance include crop and livestock insurance and Community-Based Health Insurance. There have been a number of pilots of crop and livestock insurance with important lessons learnt. However, the systems often rely on technology which is not readily accessible to the beneficiaries and on backing from international financial systems, and they have not so far been sufficiently replicated, scaled-up and mainstreamed. The CBHI initiative is fairly recent and has been strongly and rapidly promoted by the Ministry of Health and the Ethiopia Health Insurance Agency in collaboration with local government structures. The system includes quotas for those unable to pay but requires a combination of a sufficiently large pool of paying members and public subsidies to become viable. The WIDE evidence suggests a number of issues that need to be addressed to improve the system. The research came across some scepticism with the campaign; some wealthier rural residents did not see the point of becoming members as they rely on private health care; others did not see the advantage if they were not sure to use the insurance in a given year. There were also complaints about procedures for getting refunds for receipts, getting medicines from non-government outlets, and types of health problems which were not covered, and also concerns about poor quality services and sometimes unfriendly attitude of health staff towards CBHI members as compared to non-member patients paying services cash providing revenue for health centres. Moreover, there were allegations that the criteria and process to select 'indigents' provided with free assistance lacked transparency. This suggests the need to strengthen the scheme's outreach towards 'indigents', build up trust in the system and understanding of its advantages, rules and regulations and improve the procedures and service quality within the health system.

There may also be a missed policy opportunity so far, for social protection initiatives to link up with

other frontline service providers and in particular, with the strong community-based organisations that exist everywhere. Notably, the *iddir* funerary insurance could be linked to the CBHI. This needs to be done carefully, as more generally customary institutions depend for their legitimacy on their independence which can be affected detrimentally by too close collaboration with state institutions. However, it would be valuable to build on the social capital and experience of, and local trust in, customary institutions and organisations to promote their involvement in social protection, on their own and in collaboration with state institutions. For instance, as the social protection brief argues, *iddir* leaders could play a role in identifying 'indigents' and in the management of the system, and eventually groupings or federations of *iddir* could assist in administering the CBHI which would reduce costs and improve trust in and effectiveness of the system.

Other pilot initiatives have been the Community Care Coalitions that seek to mobilise community resources, involving a range of community actors and institutions, to identify and support the needy. These initiatives are important experiments and the lessons on procedures and limitations for scaling up, mainstreaming and adapting such an approach to differing local realities remains a challenge.

More generally, the development of an affordable, effective and integrated social protection system poses a number of challenges in a context of growth and increasing inequalities. Currently the social protection systems are embryonic and sometimes piecemeal or sectorally specific and the training and deployment of social workers is still fairly limited. Finding the resources to employ social workers at a community level like the health extension workers would require giving the Ministry of Labour and Social Affairs more support than it has so far received. Arguably linkages with civil society organisations and customary institutions could reduce costs, increase efficiency and build trust and cooperation with local communities. It can be hoped that the new civil society legislation will facilitate greater cooperation and collaboration between state and non-state actors to promote social protection objectives.

### **10) Rural governance under pressure**

Last but not least, after 27 years of EPRDF rule, during which community-level rural governance changed considerably, there are signs that the model is under pressure and needs adaptation to better respond to the modernisation processes outlined in the earlier sections of this chapter. Over two decades of relative peace and stability, economic growth including in agriculture and investment in infrastructure, communications and services played key roles in improving lives and livelihoods and the country's local government structures were important drivers of socio-economic change within a state-led developmental model. At the same time these changes resulted in rising aspirations, particularly among the young people, and growing inequalities, both of which fuelled dissatisfaction with the political system.

The WIDE fieldwork in four communities in 2005, found a considerable degree of rural disaffection with the ruling party. A few years later in the early 2010s the emergence of micro-level structures aimed to mobilise communities for development was notable. Although their effectiveness and acceptance varied among the communities researched between 2010 and 2013, the importance of local government action was undeniable. In contrast in early 2018 a growing distrust of state institutions, and loss of confidence in their ability to deliver was apparent in all of the four communities. The extent of disaffection and resistance varied considerably among sites and there were differences in relation to age, gender, wealth and status. However, the governance brief (DBIII:07) documents a less engaged and active state bureaucracy, with local administration less present and effective than previously. While committed government officers continued to play an important role at kebele level, many were overworked, there was evidence of high turnover, and increasing resentment of the time required for voluntary work.

The governance brief suggests the need to review the balance of paid and unpaid roles, streamline

responsibilities, professionalise recruitment and remunerate essential voluntary roles. In the government monitoring systems, false and exaggerated reporting were seen as common problems undermining a realistic assessment of progress and challenges. Within communities there was evidence of widespread fatigue with lengthy meetings and mobilisation mechanisms. Many respondents across the sites, and especially young men, were frustrated with the limitations of youth interventions, inadequate consultation, mandatory community contributions, and high taxation which was sometimes perceived as arbitrary, and may be discouraging nascent businesses. Concerns about corruption and nepotism were voiced particularly in relation to land administration, local government contracting for construction, and the distribution of government resources. In contrast, public trust in local religious leaders, community elders and associations notably *iddir* remained strong, suggesting that this social capital could offer useful resources for developmental mobilisation, organisation and messaging.

Quite apart from the dilemmas which the need for reform of the political landscape at the macro level will raise, the efficacy, probity and transparency of local government systems are likely to remain key to the delivery of developmental objectives and services at the micro level. The WIDE evidence suggests that this may require a clearer separation of state and party structures, strengthening judicial process and oversight, ensuring clearer separation of powers at a local level notably in balancing the dominant role of the executive vis-à-vis the legislature and judiciary, and promoting greater collaboration between state, and civil society and community institutions. In this regard the recent civil society legislation could pave the way for greater engagement of community institutions in local governance. Whilst a number of the reforms announced at the macro level suggest moves in those directions and the emerging political change at the federal and regional levels is apparent, the implications and evolutions at a grassroots community level require dedicated attention.

The dominant role of the state in the economy has been a subject of controversy (World Bank 2016), and in the course of the past year, significant shifts in economic policy have been announced. These may raise issues regarding social safeguards, especially in relation to the risks from rising inequalities, as noted in the WIDE brief on modernisation and inequalities, which suggests the need to consider a minimum wage and protect workers' rights through trade unions. While the governance changes are openly discussed and debated, and a strong sense has been expressed that the political system needs overhauling, the options and potential outcomes are still very unclear. In this respect the micro-level trajectories documented by the WIDE research may provide a grassroots perspective that could be useful to those in charge of steering and implementing the reforms unfolding since early 2018.

We hope that the seven briefs following on from this introduction can stimulate further discussion of key issues that may be crucial for addressing processes of change and transformation in rural Ethiopia.

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