

Editorial Note

Youth and Development Policy Implementation in Ghana's
North Republic

Sford Edward Van Gyampo

Youth Unemployment Trend and Its Association with Education
Training in Urban Ethiopia: Evidence Using Pooled
Cross-Sectional Data from Urban Employment
Surveys

Mengn Gebeyaw & Tesfaye Chofana

Challenges of Budget Execution in Federal Government of
Ethiopia: (the case of Selected Federal Government
Budgetary Organizations)

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Economic Growth: The case of Ethiopia

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The Resettlement Program and Sustainable Food Security:
The case of Essera Woreda Resettlement Schemes in Dawuro
Zone of SNNPR.

Gete Zeleke

Printed by Everest Printers



Ethiopian Civil Service University
Addis Ababa, Ethiopia
P.O. Box 5648

JOURNAL OF AFRICAN DEVELOPMENT STUDIES

Volume 5, No.1 December 2012

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ISSN-2079-0155

Journal of African Development Studies
Volume 5, No. 1 December 2012
ISSN 2079-0155

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Editorial Note

In this volume, Vol.5 No.1, five articles were selected after meticulously evaluated by the scholars. These articles capture the interest of intellectuals, practicing managers and policy makers.

The first article is about the Youth and Development Policy Implementation in Ghana. Ransford Gyampo analyzes the role of the youth in the implementation of development policies since the inception of Ghana's Fourth Republic. As a background, it discusses the enormous contribution of young people as "instruments" for implementing programmes and development policies formulated by leaders in pre-colonial through post-colonial regimes prior to the inception of Ghana's Fourth Republic in 1992. The paper argues that since 1992, youth participation in the implementation of development policies including programmes intended to benefit them, has been purely accidental. The youth have no formal role in development policy implementation. Even programmes meant for them are implemented by agencies that have no expertise on youth development. Given the grave implications of this for policy implementation and national development, the paper among other things, recommends several strategies aimed at ensuring youth participation in the implementation of development policies in a manner akin to what pertained in pre-colonial times.

The second article is about Youth Unemployment Trend and Its Association with Education and Training in Urban Ethiopia. Tegegn Gebeyaw and Tesfaye Chofana examined the recent trends and levels of urban youth unemployment and the association between education and training and youth unemployment in urban Ethiopia. They used pooled cross-sectional data from the UEUS of CSA in 2003, 2004, 2006, 2010 and 2011; and analyzed using both descriptive and regression methods. Although it remained high, the rate of urban youth unemployment between 2003 and 2011 showed a decreasing trend. The probit estimates indicate that more education, except degree and above, hardly assists the urban youth to find job and fails to reduce unemployment differential between males and females. However, general education combined with training is found to have negative and significant effect on probability of unemployment. The trend of urban youth unemployment is also inversely related with training for both sexes. Finally, an attempt is made to suggest some policy issues

related to training and the link between training and the existing techniques of production as well as the need to collaborate with the private sector.

Belete Kebede discussed Challenges of Budget Execution in Federal Government of Ethiopia. Budget execution is one of the phases in the budget cycle in which plan is put to operation. The budget which is the legal document after approval by the legislative branch of the government is put into action in this phase of implementation by the public bodies (executive branch of the government). This partly shows that there are different budget actors that play different roles during the budget execution including Legislative, Ministry of Finance and Economic Development, Line ministries, Office the Federal Auditor General(OFAG) and the Public at large. These actors are required to play their respective role during the execution of budget to ensure efficient utilization of resources in the budget. Ensuring efficiency and accountability in using resource is not an easy task rather it has challenges to be identified and soled accordingly. The research is to identify and investigate those challenges of budget execution in the federal government budgetary institutions. Accordingly, the study was conducted by taking the case of selected federal government organizations and identified the challenges and recommended the remedial to be made, mainly, on the how to ensure participation and transparency in budgeting, how to strengthen the value for money audit/performance audit, how to minimize the rush to empty their budget by public bodies and opportunity for further study in the area of budgeting.

The fourth article in this issue is about the Relationship between Energy Consumption and Economic Growth. The study examines the relationship between energy consumption and the Ethiopian economy. For any country to advance its economic activities and capabilities availability of energy is inevitable, Ethiopia's economy is getting a growth momentum, thus it become necessary to study the role of energy to the country GDP. The study quantifies the relationship between energy consumption and Ethiopia economy in numeric economic model rather than stating qualitatively their directions. And finally the study draw its implication based up the findings of the model to gives its pertinent to the energy sector.

The fifth article is about the Resettlement Program and Sustainable Food Security. In his paper Terefe Zeleke discussed the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) of the government in Ethiopia, the voluntary resettlement program was considered as one of the strategies for resolving food insecurity in the country. Accordingly, Essera District in Dawuro Zone of SNNPR is one of the areas where resettlement

program has been executed. In this regard the article mainly found that the consultation about the program was sufficiently made with settlers and host communities and the movement of settlers to the new area was voluntarily based. However, the basic infrastructure and social service facilities have not yet been improved. It was also noticed that household heads in resettlement areas are exhaustively depending on forest for different purposes that may gradually lead to environment degradation and replication of the problem of settlers' origin. Food availability and food access to household heads through on-farm activities; food acquisition and their income status have been improved after resettlement program. But agricultural activities and all income sources to household heads are sceptical to ensure sustainability because of dependence on unpredictable rainfall. Income diversification through promoting non-agricultural activities is of paramount importance to ensure food security (MOFED, 2006). Nevertheless, such non-agricultural activities which can generate additional income and promote household heads' assets are hardly carried out by them. As a result, their capability to cope up with adverse circumstances may become less. Thus, the intervention of all concerned bodies is indispensable to reverse the problems happening in areas where resettlement programs have been executed.

Finally, we would like to extend our thanks to the Ethiopian Civil Service University for the financial support, and scholars, reviewers and editors for their valuable contribution to make this issue of the highest possible quality.

Editor-in-chief

The Youth and Development Policy Implementation in Ghana's Fourth Republic

Ransford Edward Van Gyampo*

Abstract: It was the role of the youth to implement development policies formulated by the chief and his council of elders in the traditional and pre-colonial times. After colonialism, various regimes also mobilized the youth as "instruments" for development. In this regard, they made full use of the zeal, potential and enthusiasm of the youth in implementing policies formulated and this translated into tangible developmental outcomes. Using the Development Policy Implementation Scheme of the National Development Planning Commission (NDPC) as a context; and through relevant official interviews conducted among some key officers of the NDPC, National Youth Council (NYC) and the National Youth Employment Programme (NYEP) Secretariat, this study analyzes the role of the youth in the implementation of development policies since the inception of Ghana's Fourth Republic. The paper argues that since 1992, youth participation in the implementation of development policies including programmes intended to benefit them has been purely accidental. The youth have no formal role in development policy implementation. Even programmes meant for them are implemented by agencies that have no expertise in youth development. Given the grave implications of this for policy implementation and national development, the paper, among other things, recommends several strategies aimed at ensuring youth participation in the implementation of development policies in a manner akin to what pertained in pre-colonial times.

Key words: Ghana; Youth; Development Policy; Implementation; Fourth Republic.

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I. INTRODUCTION AND PROBLEM STATEMENT

In developing countries, successful implementation of development policies is very crucial in the fight against poverty and under-development (Sharkansky, 1972). Because of its pivotal role in moving projects off the drawing board, an implementation strategy should always accompany every development programme. This is important in identifying who does what, when and how (Bryant and White, 1982:126). Development policies may simply fail to serve their purpose if implementation challenges, particularly the foreseen ones like inability to identify the right caliber of people and institutions to implement them, are not curtailed from the beginning (Sharkansky, 1972). Development policy makers must therefore be mindful of those who implement the policies formulated if such policies are to achieve their set objectives. They must not disregard the role of the youth in policy implementation because they constitute the age cohort endowed with the energy, enthusiasm, and zeal required to ensure the translation of development policies into practical action to effect changes in society (Gavin, 2007).

The population of Ghana is a youth bulge. According to the 2000 Population Census the youth are about 60% of a population of over 20 million and constitute the

bulk of the country's labour force. Not only do they constitute the bulk of Ghana's labour force. In terms of the nation's voting population, they are also in the majority. Records of Ghana's Electoral Commission (EC) show that that out of the 10,586,377 who registered for the 2000 elections, 76.19% were between 18 (the earliest age at which one can vote) and 35 years; with only 23.72% aged 40 years and above. In 2004, the respective percentages in the 2004 elections were 68.46% and 31.43%. According to the EC's report on the 2008 general elections, the percentage of voters in the 18-35 years category rose to 78.7% in the 2008 elections.

In spite of their demographic weight, they do not have a formal role in development policy implementation. Even in implementing programmes intended to benefit them, like the National Youth Employment Programme (NYEP) and the Youth in Agriculture Programme (YIAP), they are marginalized. State institutions that have no expertise about youth work are tasked to implement youth programmes for the youth to the neglect of the youth themselves. Indeed, as the case of the YIAP for example shows, a government ministry, in this case the Ministry of Food and Agriculture, that has no serious competence in terms of

youth work is tasked to implement the programme instead of the National Youth Council (NYC) or representatives of the youth groups. The youth get the opportunity to be part of development policy implementation when they are per chance recruited to work in the formal sectors of government ministries, departments and agencies (MDAs) which offers employment to only 2% of the youth population (ISSER, 2010). Their role in development policy implementation is purely accidental and unintended (Gyampo, 2012).

Again, they play little or no role in the policy formulation process and leaders who formulate policies have not identified with and promoted youth interest in their policy output. This affects youth ownership of policies and commitment to implementing them at the MDAs where they may be recruited. In pre-colonial times and also some regimes after independence and prior to the Fourth Republic, the youth were effectively mobilized to implement government policies and they responded positively to the call of their leaders because the regimes identified with the interest of the ordinary people and hence youth ownership of the policies that emanated from them was assured. Indeed, the successes of the Nkrumah, Acheampong and Rawlings regimes could partially be attributed to their

ability to identify with the interest of the youth and effectively mobilize them to implement policies formulated (Chazan, 1974). The situation however seems different in Ghana's Fourth Republic as the youth are neither employed as "instruments" nor "agents" in development policy implementation. They lack a formal role in the policy implementation process and no serious effort to mobilize them to implement policies is being made (ibid). This creates a problem for development policy implementation as the youth who ultimately get recruited into the government agencies and ministries find it difficult to own and commit to assisting in the implementation of policies. This explains why many young people have no sense of attachment and have a rather lackadaisical attitude to policy implementation (Gyampo, 2012).

Several scholars have written about the youth and their role in development policy implementation in Ghana. They include Chazan (1974), Owusu (1970), Manoukian (1971), Busia (1968), Christensen (1954), Austin (1964), Wallerstein (1966), Killick (1961), Oquaye (1980), Gyimah-Boadi (1989), Shillington (1992), etc. Apart from the fact that these studies are quite antiquated, they only discuss the role of the youth in development policy implementation in regimes prior

Ghana" was also interviewed about the subject matter of study. The Director-General also recommended two Planning Analysts from her outfit for further insights about the subject matter of investigation.

Furthermore, a review of the development policy formulation process in Ghana since 1992 suggests that representatives of the National Union of Ghana Students (NUGS) have always been requested by the NDPC to submit written input into draft policies formulated. Consequently, the four NUGS Presidents who submitted written input when the four development policies identified above were being formulated were also interviewed about the subject matter and their views on the implementation of programmes meant for young people. Finally, the deputy co-ordinators of the National Youth Council (NYC) and NYEP were also interviewed for their views on youth participation in the implementation of programmes intended to benefit them. The two officials were recommended by their superiors (national co-ordinators).

III. OPERATIONAL DEFINITION OF TERMS

Four key terms must be operationalized. First of all, the

term 'youth' refers to all those people (male and female; educated and uneducated) who fall within the age bracket of 15-35 years. This is in consonance with the definition of 'youth' by the 2010 National Youth Policy of Ghana and the African Youth Charter. The term may be used interchangeably with 'young people'. Secondly, the term 'development policies' refers to a detailed long and medium term national development blueprints such as the Vision 2020, GPRS I&II and the GSGDA, for the socio-political and economic transformation of a society from a lower to a higher standard of living. 'Development policies' comprise specific implementable activities designed by the sectors/ministries and districts in line with broad development policy frameworks developed by the NDPC. It is also used as a generically term to include programmes aimed at solving the problem of unemployment like the NYEP. Thirdly, the term 'Fourth Republic' simply refers to Ghana's fourth attempt at constitutional democracy which commenced in 1992. The First, Second and Third Republics commenced in 1960, 1969 and 1979 respectively. Finally, in this study, the phrase 'youth participation in development policy implementation' simply refers to the actual inclusion of young people in the official framework designed by the state for the implementation of

development policies. They participate in development policy implementation when they are given a formal opportunity by the state to contribute to and influence the process.

IV. STRUCTURE OF PAPER

By way of structure, the paper first discusses "implementation" as its conceptual foundation. Secondly, it takes a look at the role the youth played in policy implementation in pre-colonial and post-colonial times and juxtapose it with their role in implementing national development policies and also specific programmes intended to benefit them in the Fourth Republic with particular reference to the NYEP. Thirdly, the paper explains why the youth have been marginalized in the development policy implementation scheme and finally discusses the implications of the marginalized role of the youth in the policy implementation process for the youth and national development.

V. THE CONCEPT OF POLICY IMPLEMENTATION

The concept of Policy Implementation which underpins this study has been defined relatively differently by scholars. According to Paudel (2009:36), it means carrying out, accomplishing, fulfilling, producing or completing a given

task. The founding fathers of implementation, Pressman and Wildavsky (1973) define it in terms of a relationship to policy as laid down in official documents. According to them, policy implementation may be viewed as a process of interaction between the setting of goals and actions geared to achieve them (Pressman and Wildavsky, 1984:21-24). Policy implementation encompasses those actions by public and private individuals or groups that are directed at the achievement of objectives set forth in policy decisions. This includes both one-time efforts to transform decisions into operational terms and continuing efforts to achieve the large and small changes mandated by policy decisions (Van Meter and Van Horn, 1975: 447). According to Mazmanian and Sabatier (1983: 20-21), policy implementation is the carrying out of a basic policy decision, usually incorporated in a statute, but which can also take the form of important executive orders or court decisions. O'Toole (1995:43) defines policy implementation as the connection between the expression of governmental intention and actual result. Elmore (1978:195) identified four main ingredients for effective implementation: (1) clearly specified tasks and objectives that accurately reflect the intent of policy; (2) a management plan that allocates tasks and performance standards to subunits; (3) an objective

means of measuring subunit performance; and (4) a system of management controls and social sanctions sufficient to hold subordinates accountable for their performance. Successful implementation, according to Matland, requires compliance with statutes' directives and goals; achievement of specific success indicators; and improvement in the political climate around a program (Quoted in Hill and Hupe, 2002:75). In this line, Giacchino and Kakabadse (2003) assess the successful implementation of public policies on decisive factors. According to them, these are the decisions taken to locate political responsibility for initiative; presence of strong project management or team dynamics and level of commitment shown to policy initiatives. Besides this, the success of a policy depends critically on two broad factors: local capacity and commitment to implementing the policy.

Generally, in synthesizing the meaning of policy implementation in Political Science, one can say that it connotes the actual carrying out of public policies to deal with particular problems of society. This process is achieved through rule making, administration and adjudication. There two schools of thought for studying and describing policy implementation. These are the *Top-Down Perspective (TDP)* and *Bottom-Up Perspectives (BUP)* (Paudel,

2009: 39). The *TDP* assumes that policy goals can be specified by policymakers and that implementation can be carried out successfully by setting up certain implementation mechanisms (Palumbo and Donald, 1990:13). This perspective is 'policy centered' and represents the policymaker's views (Paudel, 2009:40). The *TDP* emphasizes formal steering of problems and factors, which are easy to manipulate and lead to centralization and control (ibid). Interest are directed towards things such as funding formulas, formal organization structures and authority relationships between administrative units, regulations and administrative controls like budget, planning and evaluation requirements (Elmore, 1978:185-191). 'It begins at the top of the process, with as clear a statement as possible of the policy-maker's intent, and proceeds through a sequence of increasingly more specific steps to define what is expected of implementers at each level. At the bottom of the process, one states, again with as much precision as possible, what a satisfactory outcome would be, measured in the terms of the original statement of intent' (Elmore, 1978).

The *TDP* largely restricts its attention to actors who are formally involved in the implementation of a specific programme (Winter, 1990:28). They follow the implementation

down through the system, often with special interest in higher-level decision makers (*ibid*). They typically assume a control perspective of implementation, trying to give good advice on how to structure the implementation process in order to achieve the purpose of policies and to minimize the number of decision points that could be vetoed (Winter, 2003:213). However, the *TDP* has been criticized on grounds that first, it takes the statutory language as their starting point. This fails to consider the significance of actions taken earlier in the policy-making process (Paudel, 2009:40). Second, "top-downers" have been accused of seeing implementation as a purely administrative process and either ignoring the political aspects or trying to eliminate them (Berman 1978). Besides, this prescription fails to recognize the political realities that account for policies with multiple goals, vague language and complex implementations structures (May, 2003:224). Third, top-downers put exclusive emphasis on statute framers as key actors and regard individuals or local actors as impediments to successful implementation—agents whose shirking behavior needs to be controlled (Paudel, 2009). Last but not least, Berman (1978:184) argues that choosing the top-down strategy can lead to resistance, disregard and pro-forma compliance.

On the other hand, the *BUP* directs attention at the formal and informal relationships constituting the policy subsystems involved in making and implementing policies (Paudel, 2009). This perspective focuses on individuals and their behavior, and in this respect street-level bureaucrats are made central in the political process (*ibid*: 41). The street-level bureaucrats are considered to have a better understanding of what clients need as it is they who have direct contact with the public or people in the local community (*ibid*). The *BUP* aims at identifying the many actors that affect the problem and to map relations between them. It focuses on the role of local networks in affecting a given problem in the implementation process (*ibid*). These networks contain a combination of a snowball and socio-metric methods (Winter, 2003:214). This method enables policy makers to map a network that identifies the relevant implementation structure for a specific policy at local, regional and national level, and allows them to evaluate the significance of government programs vis-à-vis other influences such as market (*ibid*). It also enables them to see strategic coalitions as well as unintended effects of policy and the dynamic nature of policy implementation (Matland, 1995:149). Programme success depends in large part on the skills of individuals in the local implementation structure, who

can adapt the policy to local conditions. It depends only to a limited degree on central activities (Paudel, 2009).

However, the bottom-up perspective does not provide satisfactory solutions to the problems of public policy, as its rejection of the authority of policymakers is questionable in the light of standard democratic theory (Paudel, 2009). Policy control should be exercised by actors whose power derives from their accountability to sovereign voters through their elected representatives (*ibid*). The authority of local service deliverers does not derive from this power base (Matland, 1995:150). Again, the *BUP* overemphasize the level of local autonomy. In this situation, variations in action can be explained largely by local level differences; yet, all actions may fall within a limited range where borders are set by centrally determined policies (Paudel, 2009:43). While central actors do not act in detail or intervene in specific cases, they can structure the goals and strategies of those participants who are active (*ibid*). The institutional structure, the available resources and the access to an implementing arena may be determined centrally, and substantially affect policy outcomes (Matland, 1995:150).

In sum, both *TDP* and *BUP* draw attention to the implementation

process. However, there is a conflict between them. Each tends to ignore the portion of the implementation reality explained by the other. The 'top-downers' call for eliminating the 'gap' between formulation and output, whereas the 'bottom-uppers' emphasize the inevitable, and perhaps desirable, participation of other actors in later stages of policy process (Paudel, 2009:51). It is, however, desirable that a synthesis is found between both perspectives for somewhat adequate understanding of the policy implementation process.

VI. THE YOUTH AND POLICY IMPLEMENTATION IN GHANA- A BRIEF HISTORICAL NOTE

The development of the youth and youth organizations and their role in policy implementation in Ghana according to Chazan (1974) may be divided into four distinct phases as follows:

First Phase: The Youth and Ghana's Political Inheritance

African political systems in the coastal, forest and savannah regions of contemporary Ghana were diverse. There were formal arrangements for youth associations among the southern Akans and especially among the Fantis of the coastal areas (Chazan, 1974). Although every individual was tied in a vertical

relationship to a hierarchy of chiefs in their political unit, horizontal ties among individuals in different units were established mostly on clan basis (Finalay et al., 1968). Within each political entity, the horizontal relationship which balanced the kin-political ties and linked members together was the *asafo*, or age associations. The *asafo* relationship counteracted, internally, the strength of kinship ties and gave individuals of different lineages a common interest which assisted in fostering the solidarity of the state. Membership of the *asafo* age associations was compulsory for the youth (mainly male but sometimes with female membership), as opposed to elders and chiefs throughout the Akan areas (Chazan, 1974:168). Every Akan belonged to an *asafo* group on their father's side, just as he or she belonged to an *abusua* or matrilineage, on their mother's side (Owusu, 1970:41). Each *asafo* group was divided into companies and among the southern Akans, it was further sub-divided according to age into senior *asafo*, (called *dontsin*) and junior *asafo* (called *twafu*). Within each *asafo* group, roles were allotted among the members and participants were to be responsible for discipline, ammunition, defense, public works and political activities (ibid: 42-43). Indeed, by the time of their encounter with the colonial authorities, Fantis had perfected the *asafo* relationship to

such an extent that this associational link had assumed an importance equal to that of family tie (Chazan, 1974:165). Further to the north, in Ashanti, the *asafo* companies were less advanced, although membership was required and all the youth participated in their activities. However, this relationship never superseded the maternal ties among the Ashantis (Manoukian, 1971:50). In the centralized savannah areas too, the *asafo* or age association never fully developed, although the youth were co-opted for military and economic duties associated with the obligations of the young adult towards their polity (ibid).

The *asafo* companies were not part of the decision making about the policies to be formulated for the traditional community. The elders and the chief formed the government and were jointly responsible for policy making (Busia, 1968:10). The role of the *asafo* in the policy process was to implement policies formulated by the chief and the council of elders. As noted by Busia (1968), after the meetings of the chief and his elders, decisions about which the people, particularly the youth had to be informed were made public by the beating of *gongong* in the evenings, when all the people would have returned from their work on the farms. The youth were called out in this way to provide communal labour in the construction of roads, public

toilets, markets, lorry parks, hospitals, schools or to work on the chief's farm. Generally, the *asafo* companies were responsible for public works and town development schemes but the decision to undertake these development projects was the sole preserve of the chief and his elders (Christensen, 1954:107). Moreover, during the celebration of festivals where departed rulers were propitiated, their names and deeds recalled and favours and mercy solicited, several activities that brings about development were undertaken by the youth after esoteric rituals had been performed by the chief with only a few people present (ibid:18).

The peripheral role of the youth and the nature of the traditional power structure were accepted by the youth themselves because of the African cultural and traditional values that place a higher premium on respect for the rule, views and counsel of the chief and the elderly (Austin, 1964). More importantly, the council of elders who were the respective clan or family heads represented and promoted the interest of the various clans or families to which the youth also belonged, in the chief's palace. The elders in the chief's palace were so powerful that the chief could not ignore their advice. This gave a sense of representation to the youth and made them own decisions formulated by the chiefs and their council of elders

(Chazan, 1974). The *asafo* companies disobeyed and criticized the chief and his elders and in some cases, destooled some chiefs only when they abused their powers and failed to rule in the interest of the people (ibid).

Second Phase: The Encounter with Colonialism

During the encounter with colonialism, there was the development of cross-ethnic youth organizations whose membership cut across all the ethnic groups of Ghana. Examples of such cross ethnic youth organizations which were British in nature, were the Boy Scouts, the Girl Guides, the Red Cross Society, etc. (Kimble, 1963:471). The earliest youth organizations established in the Gold Coast were created by the educated elites in the Gold Coast who relied on the models handed down to them by the British and were intended to translate the *asafo* relationship and youth roles into forms compatible with the effects of the British presence (Chazan, 1974:172). The churches too, were active in the organization of the youth in this phase.

The encounter with colonialism eroded the powers and respect of the chiefs in the sight of the commoners and hence the otherwise generally cordial relationship between the chief and the youth as well as the respect

accorded the chiefs by the youth that compelled them to easily accept and implement development programmes initiated by the chiefs diminished. Power was concentrated in the hands of the colonial authorities who sought to merely use the chiefs as a conduit through which colonial policies were transmitted to the neglect of the youth in the development process (Boahen, 1979). A series of measures introduced by the British to ensure their effective authority and jurisdiction deflated the powers and respect of the chiefs (ibid, 1979:57).

Under this system of indirect rule, the British Governor and his District Commissioners made policies and chiefs had to implement them using their people, particularly the commoners or youth. But the youth who had no formal role in the policy implementation process during this period also did not cooperate with their chiefs for allowing themselves to be used as a conduit for the transmission of colonial policies (Chazan, 1974). Indeed, the *asafo* companies and the new trans-ethnic groups that had emerged around this period had gained new importance as wealthy traders, merchants and farmers because of the rapid growth of trade and free enterprise during this period. They became very rich, powerful and independent people who would not tolerate chiefs who

abused their powers such as taxation, making of by-laws, granting of mining and timber concessions etc in their local communities (ibid:481). Between 1913 and 1919, the *asafo* companies and other successful young cocoa farmers teamed up to destool several chiefs including the "strong ones" for abusing their powers in a manner that injured their economic and social status (Kimble, 1963:467). For example, some chiefs in the Eastern Region, precisely Kwahu and Akim Abuakwa suffered this fate. In Akim Abuakwa for example, the young wealthy commoners took part in several attempted destoolments, culminating in an attack on the position of the Omanhene for abusive rule and other acts of arbitrariness in 1918 (ibid: 471). In sum, the changes in the socio-economic structure during the colonial encounter benefited the youth some of whom had become educated as well as prosperous cocoa farmers and traders. They were denied a formal role in the policy implementation process and they refused to carry out colonial policies transmitted through the chiefs.

Third Phase: The Youth and Political Independence

During this period, the youth were mobilized to serve as the fulcrum around which the demand for independence revolved and they regained their role as policy implementers soon after

independence had been achieved. The youth who had been alienated from the intelligentsia, were looking for radical leadership, which Nkrumah was amply qualified to provide. Young, radical, impatient and ready if necessary to use unconstitutional and even violent means, Nkrumah all too clearly could not work with the older, conservative and legalistic members of the United Gold Coast Convention (UGCC). He therefore resigned to form the Convention Peoples' Party (CPP) on 12th June 1949 with the aim of "fighting relentlessly by all constitutional means for the achievement of full self-government now for the chiefs and people of the Gold Coast" (Boahen, 1979:167). Nkrumah mobilized the *asafo* and other youth groups to form the nucleus of the party. The youth got attracted to the CPP by Nkrumah's radical ideas and simple way of living contrary to the moderate views, snobbishness and conservatism of the leaders of the UGCC (ibid). The youth supported Nkrumah's declaration of Positive Action in 1950 to back the demand for independence (Boahen, 1979:171). This contributed to shoring up the popularity of Nkrumah and the CPP, culminating in the electoral victory of the party in the 1951 elections and the subsequent attainment of independence in 1957 (ibid: 172).

At independence, Nkrumah established state-controlled youth organizations and ensured that all youth groups became integral part of the CPP. Those that did not, were not recognized by the government and could not operate freely (Austin, 1964). The traditional *asafo* companies were transformed into CPP vigilante groups (Chazan, 1974:23). The most important youth organization formed by the government was the Young Pioneer Movement (YPM) which grew rapidly as the regime's instrument for policy implementation and became a dominant force among youth organizations in the country (ibid:24). The purpose of youth mobilization by the Nkrumah regime was to engage them in the development of the country, address unemployment and encourage them to venture into agriculture to produce food and industrial raw materials (Shillington, 1992:6). The quest for rapid industrialization during this phase could not have materialized without the toil of enthusiastic young people who worked on the farms to produce the raw materials needed by industry. The role of the Workers Brigade and other youth organizations in the Ghanaian economy, in particular agriculture, provides a remarkable example of how the youth were engaged in the development of the country (Chazan, 1974). The role of the youth in the development

process in this phase was therefore similar to their role in the traditional system during the period before the encounter with colonialism. The youth or *asafo* groups were an integral part of the power structure in the traditional political system but acted rather as "instruments" than as "agents" of governance and development.

Fourth Phase: The Youth and Political Liberalization

The period spans the overthrow of the Nkrumah government to Ghana's Fourth Republic. Youth organizations that were identified with the CPP were disbanded or suppressed by the military government (1966-69). A major effort of the Busia regime in the youth field was the establishment of the National Service Scheme (NSS) in response to the poor economic conditions at the time (Chazan, 1974:198). The NSS had barely begun operation when the regime was overthrown and the organization disbanded (*ibid*). The Acheampong-led military coup of 1972 that ousted the Busia regime pursued a nationalistic policy which was partly intended to boost its legitimacy among the youth. In particular, the military government introduced the "Operation Feed Your Self" - a militant self-reliant national agricultural policy by which it mobilized the youth into agricultural production and related development works and succeeded in raising food

production and achieving national food security (Hansen, 1989:205).

As a result of the regime's effective mobilization and inculcation of the spirit of patriotism and voluntarism in the youth, the National Union of Ghana Students (NUGS) for instance, mobilized students from the country's universities and the Komenda Teacher Training College (KTTC) to demonstrate their patriotism and support by spending several hours harvesting sugarcane to feed the Komenda Sugar Factory. Similar activities by students were carried out in all parts of the country as their contribution towards the government's efforts at revamping the economy (Oquaye, 1980:12). The Agricultural Development Bank was injected with more money to enable it give loans to industrious and needy young farmers (*ibid*). From the middle of the 1970s however, the NUGS began to criticize the military government because of deteriorating conditions on the university campuses, corruption in public affairs, poor management of the economy and the regime's unwillingness to hand over power (Shillington:1992:22). The sustained protests by students and other youth activists contributed to the fall of the Supreme Military Council (SMC) (I) regime in a palace coup led by General F.W.K. Akuffo who presided over the SMC (II). The new SMC (II) regime's attempt to continue some

of the programmes of Acheampong, particularly the Union Government idea, was opposed by the NUGS and other youth groups until it was overthrown by the Armed Forces Revolutionary Council (AFRC) in 1979 (*ibid*:25). The NUGS and other youth were ardent supporters of the AFRC's efforts to deal with corruption and control prices for the benefit of ordinary Ghanaians. They were also active critics of the Limann regime, which won the 1979 general elections organized by the AFRC, for being indecisive and unable to tackle the economic and social problems of the country in a radical manner. They therefore supported the Provisional National Defense Council (PNDC) (1982-1992) regime that toppled the Limann administration on 31st December 1981 (Boahen, 1992:126).

The PNDC regime also mobilized the youth to implement development programmes. In demonstrating their support for the regime, youth groups and students briefly abandoned their studies to offer voluntary labour to evacuate locked up cocoa and other farm products in the rural areas. Indeed, apart from building popular support to legitimize its seizure of power, the immediate practical task of the PNDC regime was to evacuate the cocoa harvest, coffee and foodstuffs which had become locked up in the rural areas for want of proper transport,

decent roads and energetic leadership (Shillington, 1992:85). Students and other youth groups availed themselves as volunteers with enthusiasm and over the next six weeks, hundreds of thousands of bags of cocoa were successfully evacuated to the ports of Tema (*ibid*:86). This happened much to the surprise of world market dealers based in London who had raised the price of cocoa by £75 a ton on the assumption that the new revolutionary government in Ghana would fail to get its crops to market (*ibid*).

The youth and student task force also actively participated in road construction and repairs, cleaned choked gutters, assisted in enforcing price controls and undertook several self-help projects (Boahen, 1992:129). The success of the youth and student task force who were engaged in many other rural rehabilitation tasks as well, gained the PNDC regime a lot of credibility and support in its first crucial months in office (Shillington, 1992: 86). The most significant attempt to mobilize youth for development that occurred under the PNDC is the establishment of Workers Defense Committees (WDCs) and Peoples' Defense Committees (PDCs) immediately it seized power for the purpose of transferring power to the masses and mobilizing young people to carry out development projects initiated by the regime (Graham,

1989:48). However, by 1984, the NUGS and other youth groups as well as the Trades Union Congress (TUC) had re-asserted their autonomy and become critical of the PNDC in the light of the regime's authoritarianism; kidnapping and brutal murder of three high court judges and a retired army officer; its inability to solve the nation's economic problems; economic hardships arising from the introduction of the Structural Adjustment Programme (SAP); deteriorating university facilities; declining value of student allowances; and the re-introduction of the Student Loan Scheme (SLS) (Shillington, 1992). They were part of the internal pressures that forced Jerry Rawlings to usher the country to its Fourth Republic in 1992.

VII. IMPLEMENTATION OF DEVELOPMENT POLICIES IN GHANA'S FOURTH REPUBLIC

The formation of political parties, following the lifting of the ban on politics in May 1992, added new impetus to the formation of youth groups. The various political parties formed youth wings in order to mobilize the youth for the pursuit of political power. Even though all the political parties have youth wings, those of the National Democratic Congress (NDC) and New Patriotic Party (NPP) seem more vibrant. These two political parties have even extended youth organization to

the tertiary institutions. The Tertiary Institution Network (TEIN) and the Tertiary Education and Students Confederacy (TESCON) represent the student wings of the NDC and NPP respectively. The smaller parties that have no representation in parliament do not also have active youth wings (Asante, 2006: 222). However in terms of development policy implementation, the youth have neither been engaged as "instruments" (as they were in the regimes prior to the Fourth Republic) nor "agents".

Development policy implementation, just as the formulation process, is crucial for turning the fortunes of the nation as it strives to overcome the state of under-development. However in Ghana since 1992, it has become the preserve of government Ministries, Departments and Agencies (MDAs) as well as Metropolitan, Municipal and District Assemblies (MMDAs) (Adutwum, 2010). Sometimes, the activities of the MDAs and MMDAs in the implementation process are augmented by the private sector, donors or development partners and Civil Society Organizations (CSOs) (ibid).

Development policy implementation is also monitored by the relevant agencies with respect to objective achievements

such as macro-economic targets for real Gross Domestic Product (GDP); sectoral growth rate for agriculture, industry and services, exchange rates, interest rates, domestic debt, loan repayment, balance of payments, government revenue and expenditure as well as resource distribution against monthly, quarterly and annual targets (Ghana Vision 2020, 1997:274). Through Monitoring and Evaluation (M&E) scheme an additional impetus is provided in ensuring policy, effectiveness, accountability, responsiveness and transparency in the allocation of resources for the implementation of development policies (Adutwum, 2010).

District Planning Co-ordinating Units/ Metropolitan/Municipal Planning Co-ordinating Units DPCUs/MPCUs have the responsibility to advise District/Municipal/Metropolitan Planning Authorities on the implementation of projects in their respective jurisdictions. Regional Planning Co-ordinating Units (RPCUs) also advice Regional Co-ordinating Councils (RCCs) on the implementation of district development plans while MDAs are required to monitor the implementation of approved development policies through their Policy Planning, Monitoring and Evaluation Departments (PPMEDs) (Adutwum, 2010). Annual Progress Reports (APR) are prepared by the NDPC after it has collated various reports from

all the Districts/Municipalities/Metropolitan areas, Regions as well as the MDAs at all levels. The APR enables the NDPC to evaluate the progress and achievements made regarding the implementation of development policies. It enables stock-taking and allows the government through the NDPC to effect changes that are necessary in order to achieve set development targets (ibid).

For effective implementation of development policies, the NDPC with assistance from a number of Cross-Sectoral Planning Groups (CSPGs) responsible for macro economies and plan financing, economic production, private sector development, social development, urban and rural development, infrastructure, etc ensures a proper co-ordination of the activities of all MDAs, in order to promote better appreciation of national requirements. This understanding is particularly important with regard to areas such as the determination of priorities among various development programmes and the allocation of central government funds for overall development (Azasoo, 2010). Clear-cut directives and guidelines are issued by the NDPC to the MDAs for guidance in implementing their respective projects under the broad national development plan (ibid).

Generally, in implementing development policies, the NDPC designates key organizations as lead agencies responsible for implementing particular programmes under specific thematic areas of the policy to be implemented. It is however significant to note that no youth group out of the almost 4000 registered youth groups in Ghana is represented on the lead implementing agencies

(Tweneboah-Kodua, 2010). Again, key agencies responsible for implementing policies intended to benefit the youth like the National Youth Council (NYC) and the NYEP Secretariat are not represented on the lead implementing agencies.

Table 1, for example, is a matrix of the agencies responsible for the implementation of the various programmes of the broad thematic areas of the GPRS II:

TABLE 1: IMPLEMENTING AGENCIES OF DEVELOPMENT POLICIES- GPRS (II)

Key Areas of Focus	Implementing Agencies
1. Private Sector as Engine of Growth	Min. of Private Sector Development (MPSD), Ghana Investment Promotion Center (GIPC), Min. of Trade and Industry (MOTI), Min of Justice. (MOJ), etc
2. Modernizing Agriculture and Fishing Methods, Restoration of Degraded Environment and Natural Resource Management	Min. of Food and Agric. (MoFA), Lands Commission, Chiefs, Min. of Health (MoH), Min. of Lands, Forestry and Mines (MLFM), Min. of Fisheries, Metropolitan, Municipal and District Assemblies (MMDAs), etc
3. Support Services such as Road and Rail Construction, Water and Air Transport, Energy Supply, Science and Technology	Ghana Harbor Authority, Dept. of Urban Roads, Min. of Transport and Communications (MOTC), MOFA, MMDAs, Volta River Authority (VRA), Electricity Company of Ghana, Development Partners (DPs), Ghana Atomic Energy Commission (GAEC), MOTI, etc.
4. Developing New Sectors to Support Growth in the areas of Information and Communication Technology (ICT), Tourism and Music Industry	National Communication Authority (NCA), MTC, MPSD, Min. of Tourism (MOT), GIPC, MOJ, National Media Commission (NMC), DPs, Musicians Union of Ghana (MUSIGA), etc
5. Employment Generation, Expansion of Safety Nets	Min. of Manpower, Youth and Employment (MMYE), MMDAs, etc.
6. Vulnerability and Exclusion Related to Employment, Life Cycle and Environment	MMYE, MOE, Min. of Women and Children Affairs (MOWAC), Ghana Employers Association (GEA), Head of Civil Service, Public Services Commission (PSC), Dept. of Social Welfare (DSW), Ghana National Commission on Culture (GNCC), MMDAs, Insurance Companies,

	MOFA, MOFI, Energy Commission, National Disaster Management Commission (NADMO), Environmental Protection Agency (EPA), etc
6. Education, Skills, Manpower and Sports Development	MOE, Ghana Education Service (GES), Min. of Finance and Economic Planning (MOFEP), DSW, Private Sector, Conference of Heads of Assisted Secondary Schools. (CHASS), Ghana National Association of Teachers (GNAT), MMDAs, Tertiary Education Council (TEC), Private Enterprise Foundation (PEF), National Sports Council, (NSC), Ghana Football Association (GFA), etc
7. Improved Health Delivery, Population Management, Water and Sanitation	Min. of Health (MOH), MOE, GES, Ghana Health Services (GHS), National Health Insurance Scheme (NHIS), MMDAs, Min. of Local Government and Rural Development (MLGRD), Ghana Medical Association (GMA), Plan Parenthood Association of Ghana (PPAG), Malaria Control Programme, Midwife Council, Min. of Information (MOI), National Commission for Civic Education (NCCE), NDPC, MDAs, Public Utilities Regulatory Commission (PURC), Water Resource Commission (WRC) etc
8. Urban Development	MMDAs, Town and Country Planning, MOT, Private Sector, MLGRD, etc
9. Governance, Human Rights, Public Safety and Security, Fighting Corruption, Women Empowerment, etc	Office of the President, Parliament, MOJ, Commission on Human Rights and Administrative Justice (CHRAJ), Serious Fraud Office (SFO), NCCE, NDPC, Institute of Democratic Governance (IDEG), Center for Democratic Development (CDD), Institute of Economic Affairs (IEA), MOWAC, Judicial Service, Ministries of Interior and Defense, National House of Chiefs, etc

Source: National Development Planning Commission: GPRS (II), November 2005

In the traditional setting, even though development policies were formulated by the chief and his council of elders, implementation of such policies was officially placed solely in the hands of the youth groups. This situation was replicated by some of the regimes

in Ghana prior to the Fourth Republic. However since the inception of Ghana's Fourth Republic, in 1992, there has been no deliberate effort and formal strategy to directly involve the youth in the implementation of national development plans

(Obeng, 2011). In other words, the structural arrangement for the implementation of national development policies down-plays the role of young people in it.

Significantly, the youth are not part of the development policy implementation process; yet when the adults in the institutions reposed with the responsibility of project implementation go on retirement either soon after the policies have been formulated or in the midway through their implementation, "it is these young job applicants who are recruited or hired to fill the vacancies created and since they were not active participants in the policy formulation process, they find it difficult to appreciate the rationale behind such policies" (Tweneboah-Kodua, 2010). They are therefore unable to commit themselves fully to the activities that would ensure proper implementation of projects handed over to them (Haruna, 2010). In other words, "lack of youth participation in development planning breeds lack of youth ownership of such policies which also leads to their haphazard implementation in a manner that prevents the ultimate objectives of development policies from being fully realized. This has been the bane of development plans in Ghana since the inception of the Fourth Republic" (Madilo, 2010).

VIII. THE YOUTH AND IMPLEMENTATION OF POLICIES INTENDED TO BENEFIT THEM – THE CASE OF THE NATIONAL YOUTH EMPLOYMENT PROGRAMME (NYEP)

A major programme intended to benefit the youth of Ghana formulated in 2006 is the NYEP. The youth were expected to play crucial role in implementing the Programme even though they did not participate in its formulation (Gyampo, 2012). However, even though the NYEP is expected to benefit the youth, they do not get the opportunity to directly participate in the implementation structures of the programme. A critical analysis of the implementation process of the NYEP shows that the participation of the youth in implementing the programme exists only in theory. First, an implementation task force on which youth groups in Ghana are represented was to be established to implement the NYEP. Indeed, the Youth Employment Implementation Guidelines (2006), states that "there shall be established a National Youth Employment Task Force (NYETF) which shall have representation from the following state agencies as well as some relevant Civil Society Organizations (CSOs): Office of

the President (Micro-Finance and Small Loans Center); Ministry of Manpower, Youth and Employment (MMYE); Ministry of Finance and Economic Planning (MoFEP); Ministry of Local Government and Rural Development (MLGRD); Ministry of Private Sector Development and Presidential Special Initiatives (MPSD&PSI); Ministry of Food and Agriculture; Ministry of Trade and Industry; Ministry of Communications; Ministry of Education and Sports; Ministry of Health; Two Members of Parliament; Ministry of Mines, Lands and Forestry; Ministry of Environment; Ministry of Interior; National Security Council Secretariat; National Disaster Management Organization; National Employment Task Force Co-ordinator; and Two representatives of the youth groups in Ghana" (NYEP Implementation Guidelines, 2006:12).

The functions of the NYETF include providing guidelines for the formulation of Short and Medium Term Strategic Plans for the NYEP; including: designing guidelines for implementing the NYEP; approving programmes and projects; sourcing and allocation of funds and other resources; sensitizing and training of programme managers at all levels; monitoring and evaluating the programmes' activities; and setting targets and signing performance contracts with

Metropolitan/Municipal/District Employment Task Forces (MMDETF); developing policy recommendations for government's consideration through the Ministry responsible for employment to strengthen employment programmes; and undertaking any other functions assigned it by the Ministry of MMYE to ensure the success of the programme (ibid:13).

The implementation of the NYEP at the district level is to be monitored at the regional level by a Regional Monitoring Team (RMT). This Team has the responsibility only to monitor, evaluate and report on the implementation and progress of the programme (NYEP Implementation Guidelines 2006:14). It is chaired by the Regional Minister or in his absence, his Deputy. A Regional Liaison Officer was to serve as Secretary to the Team (ibid). The RMT comprises: the Regional Minister or the Deputy Regional Minister; the Regional Co-ordinator for the NYC; the Regional Labour Officer; the Regional Cooperatives Officer; the Regional Director of Agriculture; the Regional Director of Education; the Regional Director of Health; and the Regional Liaison Officer (ibid).

At the metropolitan, municipal and district level, MMDETF chaired by the Metropolitan/Municipal/District Director Chief

Executive (MMDCE) is to assist in the successful implementation of the programme. This district body is entrusted with the responsibility of identifying, mobilizing and sensitizing the unemployed youth to participate in the programme; identifying potential economic and social activities in the districts for sponsorship; seeing to the timely disbursement of funds to the beneficiary groups and be accountable for the recovery of such funds; submitting monthly, quarterly and annual reports to the National Employment Task Force with copies to the RMT by the 10th day of the following month; and undertaking costing of programmes and projects (ibid:15). The MMDETF consists: the MMDCE; the Metropolitan/Municipal/District Employment Coordinator; the Metropolitan/Municipal/District Director of Agriculture; the Metropolitan/Municipal/District Director of Health; the Metropolitan/Municipal/ District Director of Education; two other members appointed by the MMYE; and two representatives each from youth groups at the district, one of whom must be a female (ibid:14).

The composition of the NYETF of the NYEP can be described as lopsided and ambiguous as far as youth participation is concerned. Given that almost 4000 registered youth groups exist in Ghana, two

representatives from the youth groups in Ghana on the Task force is inadequate. Moreover, there is no clarity regarding which of the youth groups to be selected to represent the youth on the NYETF. This has the tendency to allow politicians to co-opt or hand-pick their favorite youth groups to serve as members. These co-opted youth groups may work to champion partisan and not necessarily youth interest. On the average, there are about 180 registered youth groups in every region of the country (Etsibah, 2010). However no youth group is represented on the RMT. Even though this situation poses a challenge to youth participation, Attipoe-Fitz (2010) has argued that "the role of the RMT is not to implement but merely monitor the implementation of the NYEP at the districts where the chunk of the beneficiaries are located." Perhaps, this explains why the Regional Co-ordinator for the NYC is made a member of the RMT and not the youth groups themselves.

At the district level, selecting two representatives from each youth group to represent young people on the MMDETFD would have brought views of the youth to bear on the implementation of the programme. In reality however, none of the Task Forces to be established at the national, regional and district level has been set up and made operational. It is the national secretariat of the

NYEP that co-ordinates all activities relating to the implementation of the programme. Selasi Attipoe-Fitz, Deputy National Coordinator of the NYEP observed that "the Employment Task Force at the National, Regional and District Level have not been established and Regional offices of the NYEP merely exist in name. Everything about the NYEP and its implementation is done at the national secretariat" (Attipoe-Fitz, 2010). In effect, the youth are not only sidelined in formulating the programme. Their stated role and representation in the implementation process of the programme, as per the NYEP Implementation Guidelines (2006) is not performed by them. Instead other institutions including the national secretariat of the NYEP play the role expected to be played by the youth themselves.

IX. EXPLAINING YOUTH MARGINALIZATION IN THE IMPLEMENTATION SCHEME

The youth play no role in the policy implementation process because as depicted by table 1, structurally, they have no formal role in the process. Neither the youth groups themselves nor the direct agencies responsible for youth activities are given the opportunity to serve on the lead agencies responsible for policy implementation. Aside this,

Richard Tweneboah Kodua, a Planning Analyst at the NDPC stresses the proliferation of several youth groups almost on a daily basis as being another crucial hindrance to youth participation in implementing development policies in Ghana. "There seem to be too many youth groups in Ghana with no serious effort to bring them together under one umbrella. It therefore becomes difficult to identify and select which of them to participate in the official implementation scheme" (Tweneboah-Kodua, 2010). This explanation is important because it is the same factor that worsens the structural challenges of the youth in development planning.

Moreover, even though the NUGS were directly represented in formulating the GPRS I&II, they were not part of the implementation scheme of the two plans. According to Azasoo (2010), implementation of development plans is undertaken by established and trustworthy state institutions as well as CSOs and DPs. Therefore the NUGS was not given any role in the implementation process because it allegedly lacks legitimacy despite the fact that it is sometimes seen as the largest group that represents the views of the youth in national policy discourses. NUGS legitimacy problem is blamed on its internal strife and lack of stability. Its leaders are also alleged, and sometimes

proven to have embezzled Union dues (ibid).

Again, in implementing the NYEP, The reason for the failure of the national, regional and district Task Forces to take off is, according to Attipoe-Fittz (2010), financial. The cost of running the programme has never been met since its inception in 2006. In 2006, the expected amount for running the programme was GH¢93,055,075.67. However only GH¢ 9,048,532.57 was received. Again, in 2008, the programme received GH¢ 61, 123,629.31 from the government; its expenditure for the same year amounted to GH¢ 69,851,762.68; and by September 2010, the programme had not received any financial allocation from the government for that year (Attipoe-Fittz, 2010). The establishment of the National and District Employment Task Forces under the NYEP would require money to remunerate members and pay for their sitting allowances.

However, as stated above, governments have not paid the annual subventions to the NYEP in full since 2006. Indeed, raising funds to run the programme has been difficult and this has triggered several criticisms, protests, withdrawal of services, and other forms of civil disobedience by the youth who have been employed under the programme (Donkoh, 2010). "Given government's inability

and lack of commitment to increase its allocation of funds to the programme one may risk compounding the situation and even grinding it to a halt by attempting to divert the little resources into setting up the Employment Task Forces" (Attipoe-Fittz, 2010). The lopsidedness of the Task Forces to be established, particularly at the national level, coupled with the enormity of financial challenges facing the NYEP has severely undermined the efforts to promote youth participation in the implementation of a programme meant for them.

X. DISCUSSIONS

Governments of Ghana have resorted to the *TDP* in their development policy implementation. They have tended to down play the role of local actors or non-state groups like youth groups in the policy implementation scheme. In the pursuit of the *TDP* they have restricted their attention to state actors who are formally involved in the implementation policies to the neglect of the youth who constitute the bulk of the nation's labour force (Winter, 1990:28). Again, the lack of commitment by governments to provide adequate funding to ensure the setting up of the various implementation mechanisms for the youth to be part of implementing the NYEP attests to their *TDP* in policy implementation. As argued by

Paudel, (2009) top-downers tend to regard individuals or local actors and for that matter youth groups as impediments to successful implementation—agents whose shirking behavior needs to be controlled. The effect of this is that commitment to implementing policies by the youth who eventually are recruited to work in the various MDAs would always be lacking. As noted by Berman (1978:184), choosing the top-down strategy can lead to resistance, disregard and pro-forma compliance.

Generally the benign or total neglect of the youth in development policy implementation has grave implications for the youth and national development. It has the tendency to create a cohort of dormant young people whose potential for national development may go untapped. This destroys and undermines their initiative, zeal, enthusiasm and self-confidence which are positive attributes required by every developing nation in its quest to extricate itself from the quagmires of poverty and underdevelopment. Again, the feeling of nationalism and patriotism, cohesion and oneness that was engendered among many young people in the other regimes prior to the Fourth Republic which catapulted the nation to some respectable heights in terms of development is dissipated. One other crucial implication of the

marginalized position of the youth in policy implementation is that it poses a grave threat to the peace, tranquillity and the democratic gains of the country. Not engaging the youth in policy implementation implies that they would be idle at all times, particularly when they are not in school and unemployed. Therefore, they are likely to be available as agents to foment violent conflict. If the youth could be mobilized to be part of policy implementation, they would be less available for revolutions. As noted by Cohen and Uphoff (1978:11), engaging the youth in policy implementation has a notable counter-insurgency quality. According to Gavin (2007:73), the strain of analysis that sees the youth bulge as a fundamentally threatening phenomenon often points to research that suggests a strong relationship between the likelihood of civil conflict and the existence of an urbanized and idle youth bulge. Indeed in the 2001 U.S Central Intelligence Agency report on global demographic trends in Africa and parts of the Middle East, it was argued that failure to adequately integrate the youth into the development process is likely to perpetuate the cycle of political instability, ethnic wars, revolutions and anti-regime activities. Therefore engaging the youth in development policy implementation is crucial for maintaining national peace and

dousing the flames that make them susceptible to violence.

XI. RECOMMENDATIONS

Given the grave implications for neglecting the youth in development policy implementation, it is highly recommended that they are made part of the process just as they were in pre-colonial times as well as in regimes prior to the inception of Ghana's Fourth Republic. Specifically, it is conceded that the proliferation of youth groups almost on a daily basis in Ghana, coupled with the derogatory but sometimes deserving adult perception of young people, makes it difficult in selecting which youth group to be part of the official implementation scheme of the NDPC. Against this backdrop, the NYC must register all youth groups in the country. Further to this, the leaders of the registered youth groups must be made of the NYC's decision making process so that such decisions and actions would largely reflect the interest of young people. In the implementation of development policies, the NYC as a composite body must then be made part of the implementation scheme to act on behalf of all the registered youth groups in the country.

Where opportunities exist for the youth to directly participate in implementing programmes as the case of the NYEP indicates,

government must make these implementation schemes operational by funding them. In this regard, the National and District Implementation Task Forces that provide some room for youth participation in the implementation of the NYEP albeit inadequate must be made operational for a start. Furthermore, in consultation with the NYC, the government must increase the number of youth representation on the implementation Task Forces to ensure that youth views and experiences are brought to bear on the implementation of programmes intended to benefit them. As argued by Bryant and White (1982), effective participation of young people in implementing programmes meant for them would enable them monitor and give credible and valuable information about the successes and challenges of the programme to policy makers for necessary action.

Again, instead of creating multiple implementing agencies for youth programmes that create problems of co-ordination, ownership and confusion, government must harmonize all youth programmes and place them under the NYC. In this regard, the NYEP must be under the care and supervision of the NYC to ensure proper co-ordination. This puts the NYC directly and fully in charge of youth activities in the country and positions it to receive

total funding from government for implementing all youth programmes. It would be easier for government to fund one institution responsible for youth development and the activities of this institution can be properly monitored by the MYS. It would however be difficult for government to provide adequate funding for different state institutions that are all expected to promote youth development and whose activities cannot be monitored by the MYS.

XII. CONCLUDING REMARK

The future of Ghana's development would be bleak if efforts are not made to include the youth who constitute the bulk of the nation's labour force in the official development policy implementation framework as well as the implementation of policies intended to benefit them. The nation will continue to be deprived of the zeal, enthusiasm, ownership and energy of young people if their role in the development policy implementation process arises purely by accident. Indeed, the effort to extricate Ghana from the quagmires of poverty and underdevelopment may come to naught if youth participation in development policy implementation is not given a serious boost.

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Youth Unemployment Trend and Its Association with Education and Training in Urban Ethiopia: Evidence Using Pooled Cross-Sectional Data from Urban Employment Unemployment Surveys

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Abstract: This paper examines the recent trends and levels of urban youth unemployment and the association between education and training and youth unemployment in urban Ethiopia. The study used pooled cross-sectional data from the UEUS of CSA in 2003, 2004, 2006, 2010 and 2011; and it was analyzed using both descriptive and regression methods. Although it remained high, the rate of urban youth unemployment between 2003 and 2011 showed a decreasing trend. The estimates indicate that more education, except degree and above, hardly assists the urban youth to find jobs and fails to reduce the unemployment differential between males and females. However, general education combined with training is found to have negative and significant effect on probability of unemployment. The trend of urban youth unemployment is also inversely related with training for both sexes. Finally, an attempt is made to suggest some policy recommendations related to training and the link between training and the existing techniques of production as well as the need to collaborate with the private sector.

Key words: urban youth, unemployment, urban Ethiopia, education, training.

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I. INTRODUCTION

More than one third of the youth in the world is either seeking but unable to find work, has given up on the job search entirely, or is working but still living below the 2 US dollar a day poverty line. Even worse, almost 60% of the total unemployed in sub-Saharan Africa are youth (ILO 2006 as cited in WB 2008) and on average

72% of the youth population live on less than 2 US dollar a day (WB 2008). The most obvious general labor market characteristic of youth unemployment is that its rate is higher than that of adults across a wide range of countries and across gender (O'Higgins 1997).

Africa, like its higher level of poverty, is also known for its higher unemployment in particular youth unemployment. A spatial perspective of Africa's labor market outcome witnesses higher rates of unemployment in urban areas than in rural ones (ECA 2005). Creating viable jobs for young people is a precondition for Africa's poverty eradication, sustainable development, and peace. Particularly in those countries emerging from conflict, access to employment for the youth is integral to peace-building processes (WB 2008). However, the failure to create more and better paid jobs to meet the needs of the growing labor force and reduce poverty remains a fundamental issue in many African countries (ECA 2005).

As is the case in many poor countries, employment in Ethiopia is characterized by a heavily segmented labor market situation. It can be divided among different segments, with significant distinction between formal and informal employment, private and public employment, wage and self-employment, urban and rural employment, and so on (EEA 2007). Like their counterparts in many sub-Saharan African countries, Ethiopian youths are often in a disadvantaged position in the labor markets than adults. Lack of unemployment benefits, low savings, and poor employment opportunities force unemployed youth either to take

low-paying or unpaid family jobs in which they are less productive. As the World Bank report on Ethiopia indicates, in 2005 the proportions of the youth who were employed in the informal and self-employment sectors were about 81.4 % and 12.5 %, respectively while that of adults were about 43 % and 49.6 % for the same (WB 2008).

The problem is more serious in urban areas. In rural areas, the unemployment rate is generally low but with extremely low levels of human capital, high underemployment or disguised unemployment, and lower chances to be employed in the formal sector of the economy. In urban areas, on the other hand, although the youth face better prospects in terms of income and employment quality, finding a job is difficult and hence unemployment, especially youth unemployment rate, is larger (Guracello and Rosati 2007). According to the 1999 Ethiopian Labor Force Survey, the overall unemployment rate was 8.1%, but the youth urban unemployment rate was 37.5% (Brewer 2004). Therefore, open unemployment, especially youth unemployment, is a typical urban phenomenon in Ethiopia (Berhanu et al. 2005).

In Ethiopia, the main pressure on the labor market comes directly from the supply of labor which, in turn, is induced by the population growth rate. Thus, the challenge

faced by the Government in satisfying the increasing demand for employment include, among others, managing the dynamics of population growth, expansion of labor-intensive productive activities and filling the skills gap of the youth (MoFED 2006). Since one of the MDGs is developing and implementing strategies that ensure decent and productive work for the youth, the youth unemployment rate serves as an indicator of the success of the strategies applied for job creation (Berhanu et al. 2005). To this end, empirical studies on the effect of active labor market policies, mainly education and training, designed and implemented to address the problem, will help concerned bodies benefit from the feedbacks of the studies to evaluate the success of their efforts so far, thereby facilitating planning for future better achievement.

In Ethiopia, underemployment and unemployment, especially in urban areas, and among the youth are serious challenges (MoFED 2006). Likewise, Guracello and Rosati (2007) argued that the issue of youth unemployment is among the critical development challenges facing Ethiopia and a key barrier to government efforts toward the MDGs. According to EEA (2007), the urban unemployment rates in Ethiopia in 1994 and 2005 were 21.97% and 20.6%, respectively. In sum, it is argued, the overall level and trend

of unemployment in Ethiopia, particularly in urban areas and among the youth, is actually higher. Recognizing the problem and being committed to address it, the government has been designing and implementing different active labor market policies, among which are expansion of education and training.

The human capital literature argues for the positive and strong effects of education and training on the labor market outcomes of individuals; yet some empirical evidence casts doubt on its significant impact. For instance, as Attanasio et al. (2007) argue, while there may be good reasons to advocate the use of training programs in developing countries, there is little reliable evidence on the impact of training on improving the labor market outcome for the poor.

In recent years, Ethiopia has been working determinedly to fill the skills gap to improve the employability of the youth through education and training. Despite some studies conducted on youth unemployment in the country, empirical evidence on the effect of education and training on youth unemployment is scant. Hence, it is necessary to fill that research gap and to determine whether the government's ambition is realized. The general objective of this research is, therefore, to study the

recent trends in the unemployment rates of the youth and the relationship between education and training and youth unemployment in urban Ethiopia. In line with this objective, the study specifically attempts to answer the following research questions.

1. What are the recent trends and levels of youth unemployment in urban Ethiopia?
2. What is the effect of education and training on youth unemployment in urban Ethiopia?

The study is expected to provide some empirical overview of the recent trends of youth unemployment in urban Ethiopia and seeks to examine the effects of education and training on unemployment. Hence, the research report may serve as an input for those concerned bodies at different levels in evaluating the existing education and training policies meant for addressing youth unemployment. Besides, it will also add to the existing empirical studies conducted in the country and thereby helping others who will conduct related studies in the area.

Evidently, there is scarcity of reliable and timely data in the country for research purposes in general, and for labor related researches in particular. The available limited data and

information, gathered as per the need of the organizer institute, may inevitably be less convenient. Hence, this study had to accommodate all these inconveniences related to secondary sources of data. In addition, due to constraints associated with time and financial resources, the study did not use primary sources of data to further investigate the issue of unemployment in a broader scope. As a result, the scope of the study is limited only to the issue of youth unemployment and focuses mainly on the association between education and training and youth unemployment. Furthermore, its spatial coverage is confined only to urban areas of the country.

This paper is arranged in five sections. Following this introductory section, the second section reviews theoretical and empirical literature while the third one describes the source and nature of the data and the method of analysis. The fourth section discusses the findings of the study resulting from the descriptive statistics and the regression analysis. Lastly, the fifth section presents the general conclusion and policy implications of the study.

II. DEFINITION AND CONCEPTS OF UNEMPLOYMENT AND RELATED TERMS

Unemployment is usually viewed and defined from the human element point of view. Although any factor of production can be unemployed, economists have put particular emphasis on the human element –the unemployment of labor, mainly due to the mental and sometimes physical sufferings and hardships that the unemployed and their dependents experience (Sapsford and Tzannatos 1993). According to some unemployment literature, unemployment refers to the presence of individuals in the labor force who are not currently working but actively searching for suitable work (EEA 2007; Ghai 2003; and Henderson and Poole 1991).

Usually, the standard definition of unemployment is based on the ILO resolution concerning statistics of the economically active population, employment and unemployment, adopted by the Thirteenth International Conference of Labor Statisticians (1982). This standard definition of unemployment requires three criteria to be satisfied simultaneously: "without work", "currently available for work" and "seeking work". Accordingly, the "unemployed" comprise all persons above the age specified for measuring the economically active population who during the reference period were: (a) "Without work", i.e. neither in paid employment nor self-employed; (b) "Currently

available for work", i.e. given the opportunity, a person would be ready and able to work. The availability criterion thus excludes those who cannot (or do not want to) take up work during the reference period, and (c) "Seeking work", i.e. had taken specific steps in a specified reference period to seek paid employment or self-employment."

On the other hand, employment is defined in terms of paid employment and self-employment. Paid employment covers persons who, during the reference period, performed some work for a wage or salary, in cash or in kind, as well as persons with a formal attachment to their job but temporarily not at work. Self-employment covers persons who during the reference period performed some work for profit or family gain, in cash or in kind, and persons with an enterprise but temporarily not at work. The employed and unemployed categories together make up the labor force, or the currently active population.

In the Ethiopian context, for statistics on employment and unemployment, the Central Statistical Agency (CSA) also makes use of the statistical definitions and measurement concepts of ILO as adopted by the 13th ICLS in October 1982 (CSA 2006).

Causes and Determinants of Urban Youth Unemployment

Both supply and demand factors are to blame for impacting unemployment and underemployment in developing countries. Supply-side issues, such as demographic factors, education and training policies, affect the labor market outcomes in an economy. Demand-side issues such as the aggregate demand of the economy and its absorptive capacity for labor, including enterprise development and job creation are key factors that are frequently cited in the empirical literature. Besides, institutional and labor market policies can play an intermediary role between supply and demand in the labor market (Berhanu et al. 2005).

A fall in aggregate demand will generally impact employment opportunities, but youths are usually disproportionately affected. Among the reasons for this outcome are, firstly, employers find it easier to lay-off younger workers during recession because fewer resources would have been invested in them; and secondly, that less legislative protection is generally available to youth (Leibbrandt and Mlatsheni 2004).

Supply factors such as rapid population growth and poor quality education; and demand factors, mainly explained by poor

economic performance and a small private sector are responsible for high unemployment and underemployment in Africa. Consequently, the size of the working age population is increasing faster than new jobs can be created, resulting in high levels of unemployment. Particularly, employment prospects for youth are bleak when adults cannot find employment (Okojie 2003). The issue of a growing labor force can be viewed from two perspectives. It is an asset when the labor market needs workers and provides productive jobs. Conversely, the challenge exists when many youths apply for limited vacancies and lack tradable skills, which consequently forces them to accept low paying and unsafe jobs.

Another key factor in the urban labor market leading to urban youth unemployment is the high degree of geographical mobility of young people, in the form of rapid rural-urban migration mainly due to lower agricultural labor productivity. This has resulted in a concentration of youths in African cities where there are few jobs available in the formal sector. (Leibbrandt and Mlatsheni 2004).

In almost all countries, labor market outcomes vary among individuals due to demographic

geographic, and other socio-economic variations. There are significant differences in participation and unemployment rates between older and younger cohorts as well as between rural and urban areas. According to Leibbrandt and Mlatsheni (2004), the general trends in African labor markets, in terms of location and age, show that urban participation rates in comparison with rural are relatively low while unemployment rates are relatively high. Furthermore, low rural unemployment masks a significant amount of underemployment. In addition, the difference in the proportion of youth and adults unemployed is greater in urban areas, therefore, youth are worse off in urban areas with regard to employment.

In terms of gender, females tend to be far more vulnerable than males. In a review of youth unemployment in 97 countries, more young women than young men were unemployed in two thirds of the countries. In a quarter of these countries, female unemployment was more than 20% higher than male unemployment, and, in around half of the countries in Latin America and the Caribbean, unemployment rates for female youth exceeded those for young males by more than 50% (UN 2003).

On the other hand, an empirical study in 15 African countries

indicated that in the urban environment, youth-gender biases are not as stark as in the rural environment although there are still significant proportions of young girls who are homemakers. These results imply that gender biases within the family still have an impact on youth activities. They conclude that within the urban labor market, participation and unemployment rates are fairly similar among young men and women. They argue that the main differences between youth by gender are in the activities they participate in and in particular that more men are students and more women are homemakers (Leibbrandt and Mlatsheni 2004).

Referring to Ethiopia, Getinet (2003) indicates that youth unemployment in urban Ethiopia is very high mainly due to the rapidly increasing labor supply, which is incompatible with macroeconomic conditions in general and the performance of the urban sector in particular. The age structure of the population is such that in major urban centers, the 15-29 years age group accounts for up to 40% of the population. Such figures give some idea as to the huge army of job seekers in the urban centers and the daunting task the society faces in terms of providing jobs, now and in future.

Education and Unemployment

Lack of skills among the youth is a more pronounced problem in

developing and transition economies. In most countries that have initiated free education programs, these are limited to primary education, which provides basic skills that need to be enhanced if they are to be applied in any substantive manner (UN Habitat 2004). In other countries not offering such schemes, the student dropout rates are high and this worsens the situation. Employment opportunities are therefore very low while resources devoted to skill development and training are often few to none.

According to the UN World Youth Report (2003), evidence from a range of countries shows that education clearly enhances opportunities in the labor market, as those with the best qualifications enjoy superior job prospects. In the developed countries, the differential chances of unemployment for qualified and unqualified young people have been increasing. In a number of developing countries, however, many highly educated young people remain unemployed. This phenomenon derives from two key factors. One is that there is an inappropriate matching of university degrees with demand occupations. The second factor is the insufficient demand for skilled higher-wage labor in the formal economy. As most new job growth is in the informal sectors of the economy, there remain fewer opportunities for young

graduates to find work that corresponds to their level of educational attainment. Many of these highly educated workers end up migrating to industrialized countries to improve their job prospects. The resulting brain drain holds serious consequences for the future development of their home countries (UN 2003).

Regarding the education system of Ethiopia, the education curriculum that had been in use until the recent past was excessively academic oriented which did not help the youth to explore self-employment possibilities in situations where others are not employing them. Currently, however, education and training programs that could solve the prevailing problems have been established and put under implementation. But, evidence indicates that the education and training system could not benefit the entire youth population due to problems of implementation and shortage of capacity (MoYSC 2004).

In his study of urban youth unemployment in Ethiopia, Getinet (2003) states that educational attainment is the most important in determining the position of the youth in the labor market. Those that have relatively lower level education (at most elementary) are more likely to be in casual/domestic and self-employment types of activities.

Survey of Empirical Literature on Unemployment

There are quite a number of empirical studies that are conducted in relation to the different aspects of the labor market all over the world. In this study, we attempted to review a few of them, one from South Africa and the rest from Ethiopia, which are assumed to be more relevant for our purpose.

Banerjee et al. (2007) attempted to study the reasons behind the sustained increased unemployment in South Africa since the transition in 1994. They employed a multinomial logit approach to understanding transitions in individual-level changes in labor market status using the first nationally representative panel. In the econometric analysis they looked at the factors that determine the employment status of workers controlling for gender, race, age, education level, place of residence (urban/rural) and whether the individual had held a job before. They found that urban residents are more likely to be unemployed; and less likely to be in the informal sector than are rural residents. Africans are more likely to be unemployed or in the informal sector than the other population groups. With regard to education, those with post-matriculation education are 11 percentage points less likely to be unemployed and 8 percentage

points less likely to be in the informal sector. Individuals who have never before held a job are 35 percentage points more likely to be unemployed than are workers who have worked before.

In Ethiopia, some studies have looked at different aspects of the labor market in general and the urban youth unemployment in particular (Seife 2006; Guarcello and Rosati 2007; Berhanu et al. 2005; Getinet 2003; Sermeels 2007.). Findings from these studies indicate the high level of unemployment in urban Ethiopia in general and among the youth in particular.

Seife (2006) examined the determinants of unemployment duration in urban Ethiopia. He made use of the Ethiopian Urban Socio-Economic Survey (EUSES, 2000) data and analyzed it with parametric and semi-parametric models. The descriptive analysis shows that the average unemployment spell in urban Ethiopia is 3 and 4.7 years for completed and for incomplete spells, respectively; and the youth constitute the larger proportion of the unemployed. The results of the regression analysis imply that age, marital status, level of education, location of residence and support mechanisms significantly affect the duration of unemployment while ethnicity and gender do not. The evidence from the parametric estimation indicates that, controlling for

other variables, for each 1-year increase in age, there is about a 5.5% decrease in unemployment duration. Married persons have significantly shorter unemployment spells than unmarried persons. With regard to education, his finding confirms "very high returns to higher education, at least in terms of the probability of getting employment" (Seife 2006:193). People with vocational, college or university education have higher exit rates from unemployment than secondary school graduates. Although less significant, the coefficients of primary education imply shorter unemployment durations than secondary education.

Guarcello and Rosati (2007), in their study to examine the challenges of child labor and youth unemployment in Ethiopia, looked specifically at the labor market outcomes of young people. Their multinomial logit estimate indicates that the probability of a girl being in employment is 14%–22% lower than that of a boy; but this gender bias in employment is lower for the less-educated and for the most-educated youth. The level of income or wealth as proxied by the expenditure dummy variables is significant for the less-educated youth. The probability of employment decreases as the level of education increases, implying a positive relationship between

unemployment and level of education.

Semeels (2007), in his unemployment duration study, analyzed the effects of individual characteristics on urban male youth unemployment in Ethiopia using a probit model. He also concluded that education, up to senior secondary level, has a positive effect on unemployment. On the other hand, tertiary education was negatively related but insignificant; implying that having a university degree can no longer guarantee one will get employment.

Getinet (2003) studied the effect of some individual characteristics on the incidence of youth unemployment in urban Ethiopia using multinomial logit analysis. He found that young people with at most elementary level education were more likely to be in self-employment and casual/domestic types of activities as compared to those that attained tertiary level education. Besides, those who completed secondary education were more likely to be unemployed and less likely to be inactive.

III. DESCRIPTION OF THE DATA AND METHODOLOGY

Data Source

The source of data for this study is the Urban Employment

Unemployment Surveys (UEUS) of the Central Statistical Agency (CSA) of Ethiopia conducted in 2003, 2004, 2006, 2010 and 2011. The total youth sample size extracted from the five survey years is about 72,329. According to CSA, youth in Ethiopia is defined by the age range between 15–29 years while the international standard is 15–24 years old. For this study, we preferred to use the national standard and the relaxed definition of unemployment, in which the 'without work' and

'available for work' criteria are enough.

Data Analysis

We used the pooled cross-sectional data which is obtained by sampling randomly from two or more points in time; for example, UEUS was conducted for five periods. A standard regression model applied to a set of n -period pooled cross-sectionally with k explanatory variables can take the form of NT equations written as:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} D + \beta_4 X_{4it} + \dots + \beta_k X_{kit} + \sum_{t=2}^T \theta_t + \varepsilon_{it} \quad (1)$$

$i = 1, 2, 3, \dots, N_{1t}, N_{1+1}, \dots, N_{1+T}, N_{1+N_2}, \dots, N_T \quad t = 1, 2, 3, \dots, T$

period 1 period 2 period T

Note: We have different number of observations (N) for different periods (T) when pooled cross sectional data are used.

Where: D is the year dummy takes 1 if the observation comes from a typical year otherwise 0

Y_{it} refers to the dependent variable for case i in period t

β_0 , the intercept or the base year and $\beta_1, \beta_2, \dots, \beta_k$ are slopes

θ_t parameter for time dummies and $t=2, 3, \dots, T$ is time and ε_{it} error term, $\varepsilon_{it} \sim (0, \delta_{\varepsilon}^2)$.

Typically, to reflect the fact that the population may have different distributions in different time periods, we allow the intercept to differ across years. This is easily accomplished by including time dummies, also known as year effects, for all except the base year 2003. Each time dummy is the difference in the conditional expected value of the dependent variable between the base year ($t=1$) and the year ($t=T$).

The pooled probit model below represents unemployment status where Y_{it}^* denotes the dichotomous dependent variable for probability of unemployment such that: $Y_{it}^* = 1$ if the worker comes from year t is unemployed and $Y_{it}^* = 0$ otherwise. We are interested in the probability that the labor is unemployed, $p(Y_{it}^* = 1 / X_{it})$ where X_{it} is used

to denote the full set of explanatory variables that come from year t , the factors that increase or decrease probability of involuntary unemployment and ϵ_{it} denotes the error term.

$$Y_{it}^* = \beta_0 + \beta_1 \text{sex} + \beta_2 \text{age} + \beta_3 \text{exper} + \beta_4 \text{educ8} + \beta_5 \text{educ10} + \beta_6 \text{educ12} + \beta_7 \text{degac} + \phi_0 y04 + \dots + \phi_3 y11 + \phi_4 y11 \cdot \text{educ8} + \dots + \phi_7 y11 \cdot \text{TVETc} + \phi_8 \text{educ8} + \dots + \phi_9 \text{treduc12} + \epsilon_{it} \quad \text{--- (2)}$$

In equation (2), the variable $y11$ is a dummy variable equal to one if the observation comes from 2011 and zero if it comes from any other year. To show the trend of unemployment, we analyze whether the coefficients on the year dummy variables show a significant change or not in the likelihood of unemployment in the 2011 relative to the reference year (2003). The intercept for 2003 is β_0 , for 2004 is $\beta_0 + \phi_0 \dots$ and for 2011 is $\beta_0 + \phi_3$. On the other hand, β_4 is the discrete effect of upper primary education on probability of unemployment in 2003 and $\beta_4 + \phi_4$ is the discrete effect of upper primary education (educ8) on probability of unemployment in 2011. Therefore, ϕ_4 measures how the probability of unemployment to another year of education has changed over the eight year period (from 2003 to 2011). Finally, the discrete effect of training with upper primary level of educational attainment on the probability of unemployment

The general pooled probit regression model for the probability of being unemployed, using k regressor variables can be described as:

is ϕ_8 . The Table 1, in the Appendix contains definitions and description of the independent variables thought to explain the likelihood of unemployment.

IV. DISCUSSION OF FINDINGS

This section comprises descriptive and econometric analysis. While the descriptive one emphasizes on the description of the recent trends in the rates of urban youth labor market indicators, the econometric analysis focuses mainly on the association between education and training and youth unemployment. The data from the five survey years are found to be fairly distributed across time; nearly 19.6%, 16.8%, 18.4%, 22.5% and 22.7% of the youth respondents were from 2003, 2004, 2006, 2010 and 2011, respectively. The sex and age wise distribution is also reasonable.

Trends in Youth Labor Force Participation and Employment

The average participation rate of urban youth (47.4%) is lower than urban adult male (89%) between 2003 and 2011. The trend of overall youth participation rates was similar to the average rate across the survey years and showed insignificant increase between 2003 and 2011. Similarly, the gender wise participation rate showed a slow increasing trend for both youth males and females over the periods 2004 to 2011. Indeed, this is not surprising as a significant proportion of the urban youth is school attendant and the enrolment rate has been increasing over the periods. Urban employment rates increased between 2003 and 2011 for both the youth and adult men. Despite the existing wide gap between youth and adult men as well as between youth males and youth females, the percentage variation for the youth was higher than for the adults between 2003 and 2011 (Appendix Table 2).

Trends in Youth Unemployment

Global evidences indicate that the unemployment rate of youth and women is significantly higher than adult males. In urban Ethiopia, the incidence of youth unemployment rate declined from around 35% to 23% between 2003 and 2011 while that of adult men decreased from 10% to 6.8%. The

trend indicates that the gap between youth and adult men unemployment rates was more than triple across the survey years (appendix table 2). It suggests the persistence of the disadvantaged position of youth in the labor market relative to adult men. Since 2003, the average real growth rate of the Ethiopian economy has been highest; enrollment has increased at all levels of education and expansion of MSEs is significant (NBE 2009). Despite all these efforts, youth unemployment rate has remained high. It suggests that the employment creation capacity of the urban economy is still not proportionate to the rapidly increasing size of the urban youth labor force, for which rural-urban migration might be one of the important factors. Although much is remaining, the match between the falling trends of unemployment rates and sound economic growth since 2003 seems consistent.

Similar to global situation, the unemployment rate is not gender impartial in urban Ethiopia. The sex-wise unemployment trend proves that the unemployment rates for both youth males and females were decreasing proportionately over the period. However, the rates for female youths are disproportionately higher than for their male counterparts even if they have almost equal participation rate. Male youth unemployment rate

decreased from 27% to 17% from 2003-11 while youth female rate fell from 42% to 30%. Education gaps and labor market prejudice might be the dominant causes of the unemployment differential.

Unemployment and Education

Similar to past evidences, youth who joining the labor force at early age and with poor human capital has been decreasing since 2004 but remained high. For example, illiterate and below age 18 years labor force participation rate was almost a quarter in 2003 and decreased to nearly one fifth in 2011. Labor force participation below normal age and with educational qualification of lower primary decreased marginally from 46% to 44% in the period but remained at high level.

Urban youth unemployment rate demonstrated a falling trend from 2003 to 2006 for all levels of educational attainment however it varies inconsistently since 2006. By and large, the youth unemployment rate in base year is higher than the rate in 2011 for all educational qualifications except for first degree and above educational attainment. Relative to the reference line education (lower primary education) all better educational qualifications result in higher level of unemployment rate in all periods. The result is consistent with the observations of Guarcello, Lyon and Rosati (2008)

unemployment rate was soaring proportionately with the level of educational attainment. However, only first degree and above educational qualification have resulted in lower rate unemployment in the period. The implication is that more years of schooling is not panacea for high youth unemployment problem. For instance, for at least degree and lower primary educational achievement youth unemployment rate was more than twice mean unemployment rate between 2003 and 2010 and the variation increased to over threefold in 2011. For the labor force with the remaining educational achievements, youth was three times more likely to be unemployed than adult men for the period (Appendix Table 3).

Unemployment and Training

Evidence from UEUS showed that the relative proportion of both youths and adults who acquired training increased between 2003 and 2011. Trend of urban youth unemployment rate was falling for both youth with and without training for all periods and youth with training are less likely to be unemployed than youth who did not take any training. For youth with training, unemployment decreased from 29% in 2003 to 19.5% in 2011 compared to youth workers without training; 34% in initial period and decreasing to 25% in the final year. Unexpectedly, the rate for youth

with training stagnated at high level. Further training was unable to reduce the unemployment differential between youth and men. The unemployment rate of youth with training is almost threefold of the unemployment rate of adult males with training for the period 2003-11. However, in the specified period, youth without training is less than twice unemployment rate of adults.

Gender-wise correlation between youth unemployment rate and training consistently declined for female youths from 43% in 2003 to 34% in 2011 and female youths with training were less likely to be unemployed than their counterparts without training. Similarly the rate was uniformly declining for male youths. With training, however, for both groups the unemployment rate remained at high level. Unexpectedly, training failed to narrow down the high unemployment variation between youth males and females (Appendix Table 4).

Econometric Analysis of Urban Youth Unemployment

The fitted probit model of unemployed worker depends on individual's demographic factors, education and training obtained and geographic location. Wald statistic (test) referred to as z-statistics is estimated to determine whether each explanatory variable significantly affect probability of being unemployed. Also

corresponding p-values of the estimated coefficients are reported to judge the significance of the coefficients. P-values less than 0.05 would lead us to conclude that the coefficient is significantly different from zero at least at 5% significance level. Chi-square statistics reports used to see whether the variables collectively contribute in explaining the probits, a test that examines whether or not all the coefficients are zero. The corresponding p-value for chi-square test smaller than 0.05 indicates that the variables collectively influence the probits.

The chi-square statistic is statistically significant for two of the probit models (Appendix Table 5). From the P-value, we see that most of the independent variables are individually significant. We estimated the robust standard errors to take into account the problems of heteroscedasticity. The results for Multi-collinearity tests indicate that there is no perfect and serious multi-collinearity problem. The specification test proved that absence of omission of important variable or inclusion of irrelevant variable into the model.

For Model 1, except for a few education variables, all explanatory variables are statistically significant at below 5% level (Appendix Table 5). For example, male youths were 16.3% less likely to be unemployed than

female youths and the result is consistent with previous studies and the descriptive result - female youth unemployment rate was higher than male youth over the study period. Probability of unemployment increases as age of youth increases until the age of 22 years. The turning point in the quadratic was at approximately age 22 years. This is the age above teenager age limit. It confirms that likelihood of youth unemployment decreases with the demographic transition of youth from middle age to the adult youth. The finding supports our proposition that teenagers and middle age youth are more likely to be unemployed than the adult youth. The coefficient of labor market experience was negative (-0.03) and significant at below 1% significance level. The result suggested that youth with some years of work experience were less likely to be unemployed. Contrary to this, with more experience (*expersq*) the youth were more likely to be unemployed. This may be attributable to the fact that reservation wage of youth increases with more labor market experiences.

More years of schooling (i.e. higher level of educational attainment) increased the probability of unemployment among urban youth relative to lower primary education. For instance, a labor market participant with secondary

education (grade 9 to 10 in the new curriculum and grade 11 to 12 in the old curriculum) was 19% more likely to be unemployed than a labor market participant with grade 1 to 4 education. In general, the estimated coefficient inferred that youth with more education were more likely to be unemployed up to diploma level education, implying that the more educated youth tends to have higher reservation wages (i.e. a minimum wage that makes the youth to take a job offer). This finding is consistent with our descriptive analysis and other studies so far, such as Semeels (2007). However it contradicts the human capital theory of Mincer (1974) and Becker (1975) that argues that human capital investment boosts productivity and hence higher returns to the worker.

Given the base year 2003, the coefficients for year dummy variables showed a sharp drop in the probability of unemployment, suggesting that youth unemployment rate is falling overtime. For example, the coefficient on *y04* implies that, holding other explanatory variables constant, the probability of youth unemployment dropped by 3.4% from 2003 to 2004. The coefficients on *y06*, *y10* and *y11* indicate remarkable drops in likelihood of unemployment for reasons that are not captured in the explanatory variables.

We have introduced interaction variable with education dummies to examine the effect of different educational qualifications with the training variable on the likelihood of unemployment. Interaction effect occurs when the impact of education dummies depend on training received. The interaction between education and training showed a desirable effect on unemployment for those with upper primary (*teduc8*), secondary (*teduc10*) and (*teduc12*) preparatory education. For example, in the model I, the coefficients of interaction between education and training (such as *teduc8*, *teduc10*, and *teduc12*) are negative and significant at 1% level. The result confirmed that training supplied to youth with general education enhances their fitness; and hence decreases the likelihood of unemployment. Unexpectedly and in contrast with this finding, youth who completed vocational and technical training at levels 10+1, 10+2 and 10+3 are not better off and not less likely to be unemployed relative to lower primary education. Even more, TVET not completed is associated with higher probability of unemployment than lower primary education. The result suggests that providing short term training to youth for those with general education is rather fruitful while further attention must be given to the TVET sector to enhance its employment effects.

We examined the effect of educational qualifications, which contributed positively to youth unemployment in 2003, to explore their contribution after eight years of journey. In 2003, another year of education on upper primary (*educ8*), secondary (*educ10*) and preparatory (*educ12*) levels is found to increase the likelihood of youth unemployment by 9.9, 19 and 17 percentage points, respectively. Conversely and interestingly, after eight years (in 2011), an additional year of education is found to decrease the likelihood of unemployment by 2.4, 3.5 and 8.4%, respectively for upper primary, secondary and preparatory education.

The coefficient for TVET (10+1, 10+2 and 10+3), unlike the general education, is statistically insignificant and has no effect on probability of unemployment even after eight years (in 2011), except that the sign is negative. On the other hand, any training received (other than TVET) helped young workers improve their labor market outcomes overtime. Youth with training are less likely to be unemployed than their counterparts without training. Even if its impact is not considerable as expected, the gender unemployment gap is likely to decrease with training. Therefore, provision of training can be used as policy instrument to address the gender disparities in unemployment.

Urban location is also found to be statistically important. Probability of youth unemployment appears to rise proportionately with the level of urban size, except for Jigjiga and other towns in Somali region. Regions with relatively bigger towns have higher probability of unemployment. We excluded Gambella region from this analysis as the region didn't have survey for 2004. Relative to Benishangul Gumuz, unemployment probabilities are higher in all regions and statistically significant at one percent level. The unemployment probabilities for Dire Dawa and Addis Ababa are found to be the highest, followed by Somali regional state. For example, a young worker living in Dire Dawa is about 25% more likely to experience unemployment relative to his counterpart residing in the reference region, Benishangul Gumuz. The SNNP region has experienced the least unemployment probability in the last eight years relative to all other regions, except the reference region.

V. CONCLUSION AND RECOMMENDATIONS

CONCLUSION

The findings indicate that the rise in labor market participation rate of the urban youth was insignificant over the survey period and the rate was remarkably lower than adults. However, the observed

differential between youth and adult participation rates could be considered as natural and a demographic reason. Since the school enrolment rate in Ethiopia was significantly rising in the period, most of the youth, especially the teenagers, were school attendants and out of the labor force. Although youth unemployment rate is still high and declining slowly, it has been falling between 2003 and 2011, which seems consistent with the sound real economic growth and the higher school enrolment ratio. Obviously, early entry into a labor market has a destructive effect on future productivity and employability; however, many are found to be working in their school age. While the declining trend in unemployment was also observed at all levels of education, by any standard the rate is higher and considerably above the natural rate of unemployment for all educational qualifications.

Consistent with the descriptive analysis, the regression result indicates that as compared to lower primary education higher educational attainment results in worst unemployment condition in all periods, except for degree and above educational achievement. The result strongly suggests that more years of schooling do not result in better match with industry demand relative to lower primary schooling. However, the finding contradicts with

international experiences that argue for more education guarantees better employment opportunities on the one hand, and it supports some of the so far works on the other hand. Youth with training has lower rate of unemployment than those denied the opportunity. However training failed to reduce the high unemployment differential across age and time.

Interestingly, one year additional schooling at primary, secondary and preparatory educational levels increased the employment chance of the youth in 2011 while it did the opposite in 2003. However, the unemployment effect of TVET did not vary even after eight years. One of the possible justifications for the desirable effect of additional year of general education on unemployment in 2011 as opposed to in 2003 can be attributable to the improved educational system that assisted the fitness of the youth to the market demand. Training makes difference in terms of its contribution to youth unemployment reduction and it narrowed down the unemployment differential across gender to some extent. Thus, it can be used as policy tool to address the problem of unemployment and gender disparity in unemployment by increasing its accessibility. The combined effect of general education and training on

probability of unemployment is attractive.

Geographical location of youth is also statistically important and determines the probability of unemployment. Youth living in the capital of the country and the next biggest city, Dire Dawa, are most likely to be unemployed. The same is true for youth who are located at Jigjiga. On the other hand, youth who reside in any of the urban centers in SNNP are less likely to be unemployed relative to the reference region.

RECOMMENDATIONS

Failure to address youth unemployment problems in urban Ethiopia can reinforce the persistence of inter-temporal cycles of poverty; the vicious circle of low income, low saving, low investment and low productivity; exacerbating crises in societies; vulnerability to HIV/AIDS; food insecurity and violence. Since these problems can adversely affect the technical knowhow and employability of the youth. Efforts to reduce the problem can address social, political and macroeconomic problems simultaneously (Guarcello, Lyon and Rosati 2008). Thus, based on the findings of the research work, we hereby suggest the following interventions to moderate high youth unemployment and its consequences.

The positive relationship between education (other than degree and above) and the probability of unemployment before 2011 casts doubt on the relevance of the education curriculum and its implementation. On the other hand, the desirable effects of general education on unemployment after eight years (in 2011) seem attractive. However, we have no clear answer as to why this could be so and it is difficult to infer any sound conclusion at this level. Thus, we suggest the importance of a further study on this particular issue.

The desirable effect of training and the combined effects of general education and training on probability of unemployment signify that training is still an important policy instrument to address the problem of unemployment. Therefore, expanding the provision of short term training for those with general education in line with the market demand is important. Also making the service available for small towns can increase accessibility of the youth to different tradable skills at least costs.

The insignificant contribution of TVET to improve employment probability of the graduates is worrisome and casts doubt on its implementation practices. Whatever the reason may be, it is clear that the situation requires concerned bodies to pause and reconsider the so far implementation of the sector on the one hand and it calls for further research on the labor market outcomes of the trainees, on the other. Furthermore, making the private sector actively participate in curriculum development, providing job training for apprentices and graduates is important as it is the main stakeholder and beneficiary from.

Finally, in Ethiopia, experiences of planned and intensive active labor market policies are uncommon at least until recently. Therefore, the government can introduce these policies selectively in the context of urban areas of the different regions of the country, particularly giving due attention for those urban centers with the highest youth unemployment.

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APPENDICES

Table 1: Definition of explanatory variables

Variable name	Variable label
Sex	Sex: 1 if male ; 0 if female
Age	Age of respondent in years
Agesq	Age squared
Exper	Experience : age minus years of schooling minus 6
Expersq	Experience square
Trng	Training received: 1 if training received and 0 otherwise
educ4	Grade 1-4 formal education: 1 if grade 1-4; 0 otherwise
educ8	Grade 5-8 formal education: 1 if grade 5-8; 0 otherwise
educ10	Secondary education; 1 if Grade 9-10 (new) and 11-12 (old)
educ12	Preparatory: 1 if grade 11-12 in new curriculum; 0 otherwise
Educaf	Non formal education: 1 if non-formal education; 0 otherwise
Certfct	Certificate ; 1 if had 1 year training after secondary education
TVETc	TVET completed: 1 if 10+1, 10+2 completed
TVETnc	TVET not completed: 1 if TVET not completed
Dipcb	Diploma/TVET 10+3
Degdipnc	Diploma/degree not completed: 1 if diploma/degree not completed
Degac	Degree and above completed: 1 if degree and above completed
Tigr	Tigray region: 1 if the location of respondent is Tigray region
Afar	Afar region: 1 if the location of respondent is Afar region
Amhra	Amhara region: 1 if the location of respondent is Amhara region
Oromo	Afar region: 1 if the location of respondent is Afar region
Somal	Somali region: 1 if the location of respondent is Somali region
Snnpr	SNNP region: 1 if the location of respondent is SNNP region
Harar	Harari region: 1 if the location of respondent is Harari region
Addis	Addis Ababa City A/min: 1 if the location of respondent is Addis
Dire	Dire Dawa region City A/min: 1 if the location of respondent is Dire
y04	If the survey data comes from 2004
y06	If the survey data comes from 2006
y10	If the survey data comes from 2010
y11	Data comes from 2011 survey

Table 2: Trend of urban labor force participation, employment and unemployment rates 2003-11

Labor market	Labor force	2003	2004	2006	2010	2011
Participation rate	men	88.96	87.15	88.38	88.86	89.86
	youth	47.95	44.26	47.73	47.33	49.38
	Youth male	47.65	44.17	50.45	48.58	51.77
	Youth female	48.20	44.33	45.48	46.28	47.21
Employment rate	Men	89.85	89.88	92.69	93.23	93.23
	Youth	65.13	68.92	76.58	75.24	76.56
	Youth male	73.77	77.03	82.85	83.76	83.94
unemployment	Youth female	57.08	61.97	70.90	67.86	69.91
	men	10.15	10.12	7.31	6.77	6.77
	youth	34.87	31.08	23.42	24.76	23.44
	Youth male	26.23	22.97	17.15	16.24	16.06
	Youth female	42.20	38.03	29.10	32.14	30.06

Source: UEUS 2003-2011

Appendix Table 3: Trend of urban youth unemployment rate by education

Year		Grade 1-4	Grade 5-8	Grade 9-10	preparatory	TVET	Certificate	Degree and above	Non-formal education
2003	Yout	25.11	33.19	47.21	44.57	28.11	42.87	11.32	29.32
	adult	11.53	11.11	12.09	13.13	5.49	8.29	1.4	10.44
2004	Yout	21.41	30.67	42.29	37.93	27.34	38.64	6.54	23.16
	adult	11.01	9.92	11.97	5.13	5.33	8.48	3.83	7.09
2006	Yout	15.17	22.08	32.43	32.88	24.49	28.54	5.59	21.59
	adult	6.94	8.55	9.42	0.00	3.78	4.96	2.13	9.03
2010	Yout	20.53	23.40	31.30	29.46	22.80	26.22	8.79	16.09
	adult	7.88	7.25	8.77	8.89	3.36	3.53	1.05	4.17
2011	Yout	17.31	21.38	29.81	40.31	24.21	26.27	13.44	9.62
	adult	4.99	7.89	9.61	12.31	3.18	3.73	2.09	6.72

Source: UEUS 2003-2011

Appendix Table 4: Trend of urban youth unemployment rate by training status

Year	Gender	2003	2004	2006	2010	2011
With training	Youth male	19.48	20.09	16.36	13.24	14.40
	Youth female	41.91	39.83	32.02	26.37	25.94
	Total	29.44	28.91	23.31	19.03	19.47
Without training	Youth male	27.91	23.71	17.42	17.83	16.99
	Youth female	42.25	37.73	28.43	33.92	31.50
	total	35.95	31.52	23.45	27.07	25.18

Source: UEUS 2003-2011

Table .5: Probit estimates of pooled cross-section data

variable	Model 1			Model 2		
	Marginal	z-	P-	Marginal	Z-	P-value
sex*	-.1631222***	-44.51	0.000	-.1642169***	-45.08	0.000
age	.1330836***	20.16	0.000	-.0106306***	-20.94	0.000
agesq	-.0030025***	-20.91	0.000			
exper	-.0384131***	-18.55	0.000			
expersq	.0017379***	19.21	0.000			
trng				-.1264515***	-27.26	0.000
educF*	-.0384144	-1.67	0.094			
educ8*	.0989003***	13.25	0.000			
educ10*	.1906966***	20.42	0.000			
educ12*	.1710657***	6.82	0.000			
certfet*	.0064386	1.02	0.307			
TVETc2*	.019367	1.44	0.149			
TVETnc*	.1115223***	5.50	0.000			
dipc*	-.0631157**	-2.13	0.033			
degdipnc*	.0356597	1.21	0.227			
degac*	-.1458672***	-11.54	0.000			
yrsch				.0211734***	30.11	0.000
y04*	-.0338132***	-6.00	0.000	-.033146***	-5.86	0.000
y06*	-.1037045***	-19.91	0.000	-.1082673***	-21.59	0.000
y10*	-.0955658***	-18.82	0.000	-.1009879***	-20.41	0.000
y11*	-.0891358***	-8.43	0.000	-.1141733***	-23.42	0.000
educ8y*	-.0241215*	-1.83	0.067			
educ10y*	-.0350362***	-2.75	0.006			
TVETc11*	-.0047852***	-0.28	0.783			
educ12y*	.083693***	2.30	0.022			
teduc8*	-.0322389***	-2.92	0.003			
teduc10*	-.0868042***	-14.38	0.000			
teduc12*	-.1516277***	-7.53	0.000			
tigr*	.1265586***	9.93	0.000	.1334284***	10.48	0.000

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afar*	.0816185***	5.20	0.000	.0829148***	5.28	0.000
amhra*	.1236957***	11.46	0.000	.1270539***	11.77	0.000
oromo*	.1143947***	11.53	0.000	.1174931***	11.84	0.000
somal*	.1591545***	9.34	0.000	.1554169***	9.20	0.000
snpr*	.0681071***	6.26	0.000	.0644218***	5.94	0.000
harar*	.0929417***	6.40	0.000	.0970646***	6.67	0.000
addis*	.2221555***	20.65	0.000	.2220302***	20.74	0.000
dire*	.2519851***	17.24	0.000	.2536566***	17.47	0.000
n = 60501			n = 60501			
Wald chi ² (35) = 5965.46			Wald chi ² (35) = 5296.54			
Prob > chi ² = 0.0000			Prob > chi ² = 0.0000			

*Significant at below 0.1 level; **Significant at below 0.05 level; ***Significant at below 0.01 level; N denotes sample size, Prob > chi²=0.0000 indicates that the variables collectively influence the probits.

Challenges of Budget Execution in Federal Government of Ethiopia: The Case of Selected Federal Government Budgetary Organizations.

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Abstract: Budget execution is one of the phases in the budget process in which plans are put into action but with challenges. Therefore the main objective of this paper is to assess the challenges of this phase in the case of selected federal government budgetary institutions. This paper also conducted to answer the challenges of budget execution and its impact; the problems related to budget execution; the causes of poor budget execution; the condition of control exercised during budget execution, areas vulnerable to poor budget execution etc. Mixed types of research approach: qualitative and quantitative approaches were used in this research paper. Both primary and secondary data were used. The primary data sources were interviews and questionnaires while the secondary data sources were reports and websites. The participants considered in this research were the major budget process actors like Ministry of Finance and Economic Development, Office of Auditor General, internal auditors, experts from budgeting and finance 31 internal auditors and nine external auditors, 30 experts from planning, budgeting and financing departments participated in the research. Data analysis was made using ratios, tables and SPSS tools. In this research, the major causes and challenges in budget execution have been found to be the failure to conduct sound budget preparation, under-spending by spending agencies; absence of adequate manpower, poor transparency and accountability mechanisms, absence of adequate procedures to conduct value for money audits in most spending agencies of the federal government institutions, weak relationship between management and internal auditors, etc. Recommendations, include strengthening the system of budgeting and providing training on the method of sound budget preparation for experts by MOFED and preparation of procedures and guidelines for performance audit and value for money by OFAG; there should be continual awareness creation work on the role of internal auditors and management in spending agencies both by MOFED, OFAG and other concerned bodies like Public Accounts Committee of Parliament even though the issue of the Public Accounts Committee was not discussed in this paper.

Key words: challenges, budgeting, execution, under spending, transparency and accountability, value for money

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I. INTRODUCTION

Background of the Study

Budget execution is one of the important phases in the budget cycle. This is because it is the phase where resources are used to implement policies incorporated in the budget. This phase is highly related to the budget preparation /budget formulation phase of a budget process. This issue is also explained by Shand (2010) as there is a strong relationship between these two phases of the budget cycle. Shand explains that both require actual revenues and expenditure. Therefore, it is possible to say that good budget preparation /formulation is a good input for strong budget execution.

According to the International Budget Project (2008), there are reasons why government expenditures can deviate from the budget. The reasons can be legitimate and illegitimate. These reasons include poor financial management, corruption, and fund diversion, use of resources during unexpected events, inadequate funding, off-budget donor funds, and weak oversight. In addition to the above, as different scholars have shown, there are problems in budget executions. These problems are related to procurement and they include delay in shipment; delivery of sub-standard goods and services; failure to meet purchase order specifications (IPB, 2008).

The above problems are not exhaustive. Some problems encountered during budget execution are excessive *virement*, end-of-the year rush to spend unused funds are not uncommon as they are indicators of lack of budget discipline and the absence of carry-forward of some elements of appropriations respectively (IMF, 2008). One of the challenges for a government is to measure and evaluate the impacts of its budget. Value-for-money audit is one of the techniques advocated by international institutions such as IMF to measure performance (Ramkumar, 2008). As indicated by Ramkumar (2008), in relation to performance measurement, in some countries, public audit institutions have initiated value-for money (or performance) audits that try to assess the economy, efficiency, and effectiveness of government service delivery. When done properly, these audits provide a good measure of government performance (IPB, 2008).

In addition to the afore-mentioned challenges, among others, failure of public bodies to measure efficiency and effectiveness (value-for-money), delay in release of appropriated budget, aggregate expenditure out-run compared to original approved budget, end-of-the year rush by public bodies to empty their budget, unplanned purchase of items due to the absence of carry forward systems, excessive

virement/ transfer switch of fund from one item to another in public bodies during budget adjustment, failure to control commitments, weak internal control and audits, absence of responsibility and accountability of utilization of resources entrusted by the public also present challenges. Priority areas of the government may not be financed appropriately; public resources may be consumed for private purposes; and these challenges of budget execution can result in the failure of the government to meet its objectives.

Moreover, in relation to lack of participation and transparency in budgeting, researches were conducted, especially in the case of Ethiopia. For example, a preliminary assessment was conducted by Mekonnen (2008) to see whether Ethiopian budgeting encourages participation or not. Accordingly, the preliminary assessment was conducted by using five factors namely, legal framework for transparency; clarity of roles and responsibilities; public availability of information; independent checks and balances; budget decision-making process. Based on this preliminary assessment, it was concluded that the introduction of the fiscal calendar has clarified the process of financial planning and budgeting as well as the responsibilities of the various public institutions at each level of government. Secondly, the drafting of the

budget was neither transparent nor open to the public; however, the publication of the outcome (federal budget) is a step towards the openness and transparency. In addition, Mekonnen (2008) depicts budget planning a closed process without participation; the media have limited access to information about upcoming budget discussions while civil society or other external stakeholders have no information or access to information until it has been adopted and published in the *Federal Negarit Gazeta*.

In addition to the above assessments, Yimer (2011) attempted to evaluate the budget practices in Ethiopia in comparing with other two East African countries, Kenya and Uganda. The evaluation has concluded that the general public in Ethiopia are not significantly involved in the country budget process and citizens have no access to monitor and evaluate the budget performance even though there is a legal stand for transparency as indicated in the constitution and financial proclamations that clearly state the nature of the budget system and the level of transparency required (Mekonnen, 2008; Yimer, 2011). However, these researches did not clearly show how lack of participation and transparency in budgeting will affect budget execution in the case of Federal Government Budgetary institutions; rather they assess and evaluate the budget participation

and practices of in Ethiopia in general. On the contrary, this research was designed to fill this gap by investigating specifically, unlike the previous researches, the challenges of budget execution in the case of selected federal government budgetary institutions. Thus, this study investigated different factors affecting efficient utilization of resources in the federal governments and to create insight for stakeholders involved in the federal budget process. This research is also different from the mentioned studies because it used triangulation to substantiate the evidence related to challenges in budget execution.

Objectives of the Study and Major Questions

The general objective of this study is to identify the basic challenges/problems during budget execution that hinder the efficient and effective utilization of public resources in the case of selected Federal Government bodies of the Government of Democratic Republic of Ethiopia and more specifically, to:

1. investigate the causes for poor budget execution of the public bodies under research;
2. assess the adverse effect of the poor budget execution on the goods and /or service users of the public bodies;

3. identify the major problems encountered by the public bodies on budget execution procedures;
4. evaluate the efforts made by the federal government and the spending agencies under the research
5. suggest possible policy measures to help the spending agencies to be effective and efficient in using budgetary resources.

Within the view of the above objectives, this paper investigates and discusses the basic challenges of budget execution in selected federal budgetary institutions with the purpose of answering the following research questions:

1. What are the causes of poor budget execution in the selected public bodies of the federal government of Ethiopia?
2. What are the impacts of poor budget execution in the selected public bodies in question?
3. What are the major problems/challenges encountered in budget execution procedures by the public bodies under research?
4. What are the efforts made by respective government levels to strengthen the budget executions/implementations?

Significance of the Study

The outputs of the research on public budget execution are very important to the policy maker and the federal government budget experts firstly, to consider and revise the budget execution in the federal budgetary institutions. Based on the basic weaknesses of budget execution, public agencies can take corrective action and it would benefit the stakeholders in budget execution in identifying major problems. Other researchers can use the findings as a source of data for their further study in the area of budget implementation. Finally, the output of the research can support the teaching and learning process especially for courses related to government budgeting system and public expenditure management.

Research Design and Methodology

The researcher used case studies mainly focusing on selected federal budgetary institutions. Both quantitative and qualitative methods were applied to conduct the research. There are about 140 federal public bodies in Addis Ababa. The researcher purposively selected those organizations that have high involvement in budget execution at federal level: OFAG and MoFED. The remaining organizations, 5% of the total, were selected randomly by using simple random sampling. The respondents from selected public

organizations were experts from planning, budgeting and finance business process, while 26 were internal auditors from the respective organization. Nine external auditors from OFAG and 30 budget planners and finance experts from MoFED, and other spending agencies participated in the research. Four senior budget experts from Budget Preparation and Administration directorates and Macro-Economic Fiscal Framework Department were included purposively.

Data Collection and Analysis Method

Questionnaires and interview questions were designed and used to get primary data from selected public bodies. Tape-recorder was used to record the responses from interviewees. Triangulation was used to make the evidences more concrete and reliable. Secondary data was collected from the organizations under research from different budget performance reports prepared by the respective organizations.

To ease the analysis, the collected data was organized in tables. Then, the data was analyzed by using ratios, percentages by the help of statistical tool such as SPSS software for some descriptive statistics. The researcher used multiple source of information in order to get a full picture of the case and apply a set of analytical tools comparing with

the standards obtained from different review of literatures.

Definition and Concepts

Appropriation: this is the endorsement by the Minister of the budget allocation based on the budget approved by the House of People's Representatives (GOE, 2009).

Budget Execution: It is a phase where resources are used to implement policies incorporated in the budget. This is one of the phases in budget cycle in which a plan is changed into action. Therefore, according to IMF budget execution guidelines; this phase requires, among others, answering questions like; Is it transparent? Are there clear lines of accountability? Is information on execution of the budget available on a timely, reliable, and accurate basis?

In addition to the aforementioned definition, Simson, Sharma and Aziz (2011) also have explained budget execution as a challenging phase as it requires spending public funds effectively to meet stated policy objectives while ensuring value for money.

Commitment: Commitments are an obligation to make a future payment (for instance a signed contract for delivery of a service) but the exact definition varies between countries, and the practices of recording and tracking

commitments are equally varied. Therefore, and according to the Ethiopian context and, for this study, 'commitment' is defined as an obligation that becomes a liability if and when the terms of existing contracts, agreements or laws are met;

Value for money audit: It is otherwise called performance audit. It is an audit concerned with the effectiveness, economy and efficiency of using resources in government undertakings. For example, value for money in government procurement is to obtain goods and services of the required quality at a competitive price (Tommasi, 2007).

Internal Control: This, for this study, is an integral process that is effected by a public body's management and personnel, designed to address risks and to provide reasonable assurance that is in the pursuit of the public body's mission (GOE, 2009).

Internal audit: It is an independent and objective assurance and consulting activity designed to add value and improve an organization's operations which helps an organization accomplish its objectives by bringing in a systematic and disciplined approach to evaluate the effectiveness of risk management, control and governance process (GOE, 2009).

Excess Expenditure: It is expenditure in excess of the budget approved or appropriated or the budget allocated through budget transfer (GOE, 2009).

Budget over run/spending: In this study, it indicates the excess of budget utilized when compared to an approved budget, while budget under-spending means when the budget actually used is less than the approved budget.

Transparency in budget: This is the process by which the citizens should participate in budget preparation, budget utilization and evaluation. This is because, for example, according to International Budget Project (IBP) (IBP, 2006), transparency in budget and audit processes is essential for enabling citizens to control the use of public resources and to ensure that these resources are best utilized to benefit society. This can be shown by public bodies publicizing of financial disbursements and accessibility and availability of information to the public.

Structure of the Paper

This paper is organized in to four chapters. The first chapter is an introduction that deals with background of the study, problem statement, objectives of the study, research methods, significance of the study, and limitations of the study, method of data gathering and analysis. The second chapter

is the theoretical framework that deals with related literature. Chapter 3 is data presentation, analysis and interpretation and the fourth chapter is about conclusions and recommendations based on the results in Chapter 3.

II. LITERATURE REVIEW

As the World Bank (WB) defined in *Public Governance and Accountability Series* (World Bank, 2007, Volume 8), budget execution is the phase when resources are used to implement policies incorporated in the budget. A well-formulated budget can be poorly implemented, but a badly formulated budget cannot be implemented well. Budget execution procedures must ensure compliance with the initial programming, but they are not simply mechanisms for ensuring compliance.

Organization for Economic Cooperation and Development (OECD, 2001), also explains that it is not possible to implement well a badly formulated budget. Good budget preparation comes first, logically as well as chronologically. However, budget execution processes are not simple mechanisms for ensuring compliance with the initial programming. Even with good forecasting systems, unexpected macroeconomic developments may occur during the year, and need to be reflected in the budget. Of course, changes should

be accommodated in a way that is consistent with the initial policy objectives so as to avoid disrupting the activities of agencies and project management.

Purposes of Budget Execution

According to the World Bank (World Bank, 2007, Volume 8), accounting for expenditure at different stages of the budget execution cycle is, among others, aimed at meeting purposes for budget preparation, fiscal analysis, program management. Efficient budget execution also calls for ensuring that the budget will be implemented in conformity with the authorizations granted in the law; adapting the execution of the budget to significant changes in the macroeconomic environment; resolving problems arising during implementation; and, managing the purchase and use of resources efficiently and effectively (OECD 2001).

Overspending and Under-Spending in budget execution

According to OECD (2001), aggregate expenditure control requires defining fiscal targets, and it therefore is largely concerned with budget preparation. Again, according to World Bank (2007), overruns are often the result of off-budget spending mechanisms (payments from special accounts, "below-the-line" accounts, etc.) it was also stated that lack of compliance can

be addressed through strengthening the audit system, and the reporting system, and ensuring the effectiveness of the basic budget execution controls reviewed below. It was also stated that overruns can be caused by deficiencies in budget preparation and sound budget preparation processes. Adequate institutional arrangements are a prerequisite for avoiding overruns. However, in some countries with weak systems of governance, seeking technical solutions of this kind is insufficient without the necessary degree of political commitment and leadership. Related to under-spending, it has been stated that the under-spending of the official allocation may coexist with large amount of off-budget spending (OECD, 2001). It was also concluded that, in most cases, under-spending, as well as overruns, is related to insufficiencies in budget preparation and program preparation (OECD, 2001).

Transparency and Accountability in Budget utilization in Federal Government Organizations

Different literature explains that ensuring transparency and accountability in the civil service is important for good budget execution. For example, according to IMF code (1998:122) and cited in Folscher (1999), information on government activities should be provided to the public; budget

preparation, execution, and reporting should be undertaken in an open manner; and fiscal information should be subjected to independent assurances of integrity. Furthermore, Folscher (1999) underscored that transparency and participation in budget is indispensable as budget is the primary economic policy document of governments.

Compliance Control and Reports during Budget Execution

The basic compliance controls during budget execution are at the commitment stage, when goods and services are delivered (verification), the documentary evidence that the goods have been received or that the services were carried out as required must be verified, and after final payment is made (audit), examine and scrutinize the expenditure concerned and report any irregularity (World Bank, 2007). In this phase, to keep budget execution under control, a comprehensive and timely system for monitoring budget transactions is required. For expenditures, a report should be produced periodically on budget execution at each stage of the expenditure cycle, detailed by organization, function, program, and economic category. At least every six months, and preferably quarterly, a comprehensive financial budget execution report, including both expenditures financed from

domestic resources and expenditures financed from external sources, should be published. In addition, The uses of appropriations need to be systematically registered and tracked (World Bank, 2007).

The Causes of Poor Budget Execution

According to Peter (2002), divergences between planned and actual expenditures explained systemic shortcomings in expenditure management can be traced back to – among others – poorly trained staff in government agencies; a weak legal framework; unclear regulations; the absence of effective rewards and sanctions for civil servants; ineffective central control and audit agencies; poor parliamentary oversight, and outdated information technology infrastructure as the problems in budget execution.

When budget outcomes bear little resemblance to original plans, the entire budgetary process loses meaning, often with negative consequences for the poor and the programs designed to benefit them (Peter, 2002). Large divergences between budgets planned and actual spending can normally be explained by systemic PEV shortcomings, he added.

Impacts of Poor Budget Execution

Poor budget execution generally leads to poor outcomes for the intended beneficiaries of government expenditure programs. Problems in budget execution can take different shapes, mainly as under-commitment and under-payment. Sometimes, especially in the absence of effective controls, over-commitment and over-payment can also occur (Peter, 2002). In addition to the above, for example, according to Macro-economic and Financial Management Institute of Eastern and Southern Africa (2008), it was also explained that several problems and constraints encountered in the budget implementation process in developing countries include cases such as funds not used as approved, under-spending of the budget, and large differences between approved and executed budgets.

Ethiopian Budget Process/Cycle

According to Financial Calendar Directive No.2003 by Ministry of Finance and Economic Development ((MoFED), 2003) the budget cycle of Ethiopia involves the preparation, review, approval, appropriation and execution of the annual budget. The financial calendar also involves two cycles: planning cycle and budgeting cycle. The planning cycle also includes Macro-Economic and Fiscal Framework; Public Investment Program Preparation; notification

of a 3-year subsidy estimates; preparation and finalization annual fiscal plan, whereas the budget cycle includes executive preparation and recommendation of budget; legislative approval; executive implementation/execution and audit and accounting/budget control (see also Yimer, 2011). The financial calendar also specifies the responsibilities of institutions to perform the activities in the financial calendar. Since the emphasis is mostly on the budget execution phase of the budget cycle, the activities in the budget execution is given here under.

Budget Notification: This is the activity in which the recommended budget approved by House of Peoples' Representatives (HPR) is notified by MoFED. The MoFED has the responsibility to inform all public bodies of their approved budget by using different forms both for recurrent and capital budgets between July 8-15. This is also stated by Article 5(3) of the Financial Administration of Ministers Regulation No.190/2010 that MoFED requires to notify the heads of public bodies the budget approved by HPR.

Receipt of approved budget and changes to action plans and financial plans: This is the second step in the budget execution phase in which the public bodies will take the responsibility to collect

the approved budget and revise their action plans and the financial plans accordingly.

Implementation of approved budget: This is the third steps (activity) of the execution phase. The approved budget is implemented by public bodies over the course of financial year from July 8 to July 7 of the next calendar year (MoFED, 2007). In addition to these steps of activities, other activities like budget transfer, approval of supplementary budget will be undertaken during the implementation phase due to inaccuracy in budget preparation, not all future circumstances can be foreseen with accuracy during budget preparation and planning. The implementation phase is also called execution phase of the budget cycle (MoFED, 2003; 2010).

Year-end Spending in Ethiopia

According to Article 34 of the Proclamation 648/2009 (MoFED, 2009), a grace period for capital budget is stated. Accordingly, payments of invoices in connection with a capital project carried out in a fiscal year may be made in the 30-day period, after the end of the fiscal year on the account of the capital budget of fiscal year ending. In addition, related to the management of unspent funds, it has been stated that the unspent balance of an appropriation granted for a fiscal

year shall lapse and shall be credited to the treasury account of the Ministry (MoFED, 2009). According to Article 36 of the Financial Administration Proclamation No.648/2009, unspent balances of grants and loans shall be retained in the consolidated fund for continued use as may be necessary. Moreover, MoFED has been authorized to implement the same recurrent budget as previous financial year on monthly basis until a new budget is approved in circumstances where budget preparation and approval of budget by HPR is delayed (MoFED, 2007). Similarly, MoFED is authorized to release funds for previously approved capital projects until a new capital budget is approved.

Budget Participation and Transparency in Ethiopia

According to Yimer (2011) participation of different levels of managers in budget processes has to benefit in at least two ways: reducing information asymmetry in the organization that enables the top management in creating a greater commitment by lower level managers to carry out the budget plan and meet the budget. Yimer also concluded, from review of most studies, that budget participation allows citizens to hold the government accountable to identify weaknesses in budget to build consensus, to mobilize the community effectively to meet

budget and to attain higher performance.

Distribution of Responsibilities

According to the World Bank (2007), budget execution covers both activities related to the implementation of policies and tasks related to the administration of the budget. Both the central agencies (the Ministry of Finance, the Ministry of Planning, in a dual-budgeting system, and the Prime Minister's Office) and the spending agencies are involved in these tasks. The distribution of responsibilities in budget management should be organized according to the agencies' respective areas of responsibility and accountability.

The Responsibilities of the Ministry of Finance and Line Ministries in Budget Execution

Concerning the control of budget execution, the Ministry of Finance should have the responsibility of administering the system of release of funds (warrants, budget implementation plan); preparing the in-year financial plan; monitoring expenditure flow; preparing in-year budget revisions; managing the central payment system (if any) or supervising government bank accounts; administering the central payroll system (if any); and preparing accounts and financial reports.

However, the spending units have the responsibility of allocating funds among their subordinate units, making commitments, purchasing and procuring goods and services, verifying the goods and services acquired, preparing requests for payment (and making payments if the payment system is not centralized), preparing progress reports, monitoring performance indicators, and keeping accounts and financial records (World Bank, 2007).

Best Experiences in Budget Execution

Internal control and auditing in budget process

As explained by Llienert (2003), in several countries, the officers who perform the internal control function in spending ministries are employees of the internal audit department of MoF (e.g. in Gambia, Kenya, Malawi, Uganda). Llienert explains further, that these officers are posted to spending ministries and viewed as agents of the Ministry of Finance. They also report principally to the ministry. However, in a few countries like Ghana spending ministries recruit and manage their own internal auditors to assist the accounting officers in financial management. In addition, supreme audit agencies in Anglophone countries, for example, are supposed to provide parliament and the public with timely information on budget execution and the integrity of annual accounts.

Participatory and transparency in budgeting

"Participatory budgeting has been advanced by budget practitioners and academics as an important tool for inclusive and accountable governance and has been implemented in various forms in many developing countries around the globe" (Shah, 2007). In order to make the budget transparent, governments commit to the timely, accessible and regular publication of budget documents (Executive's Budget Proposal, Enacted Budget, Audit Report and Citizens' Budget). Accordingly, a number of governments that were not publishing these documents have recently begun to do so (IBP, 2011). In 2007, for example, Egypt and Mongolia published their Executive Budget Proposals for the first time. Similarly, in 2009 Liberia began to publish the Executive's Budget Proposal and Audit Report, and Afghanistan began to publish the Audit Report. In 2010 both Mexico and Brazil began to publish Citizens' Budgets.

In addition to the above, some African countries (e.g. Kenya and South Africa) have undertaken budget execution reforms (Fölscher, 2007). The reform program includes components to improve the credibility of the budget, comprehensiveness and transparency, policy-based budgeting, predictability and control in budget execution,

accounting and reporting, external scrutiny, and audit. In Kenya, for example, the reform program focused on building professional capacity for public financial management, clarifying roles and reconfiguring structures at the central levels to reduce overlap and improve coordination, and reviewing the legal framework to consolidate different existing legal instruments in comprehensive framework legislation. Whereas major reforms in South Africa such as the Mid-term Expenditure Framework (MTEF) and Public Financial Management Act (PFMA), were implemented throughout government so that, due to MTEF, better integration between budgeting and implementation has resulted. As a result, for example, there is one desk responsible for monitoring a spending department or sector, assessing budget plans, and monitoring in-year performance (Fölscher, 2007).

Year-end spending

The annual rule can create a rush for spending at the close of the fiscal year. This spending bulge at the end of the fiscal year can be the result of prudent purchasing procedures. Nevertheless, the potentially adverse effects of a strict annual rule are many. The annual rule may encourage ministries to make unplanned and economically inefficient expenditures at the end of the year. To avoid such perverse effects

several countries of the Organization for Economic Co-operation and Development (OECD) have recently authorized the carryover of a certain percentage of these unspent appropriations to the next fiscal year (Tommsi, 2007). Furthermore, Liebman and Mahoney (2010) confirmed, in the USA, that a surge of spending at the end of the year can result in lower quality and, therefore, permitting the rollover of spending into the subsequent periods leads to higher quality.

When the year-end spending bulge is related to a weak budget preparation process that has accommodated inflated request, the spending is likely to be for non-priority or even wasteful purchases. In these circumstances, the optimal response would be to improve budget preparation. However, a carry-over provision can serve as a second-best mechanism, to improve the temptation to 'get rid' of leftover funds before the spending authority comes to an end.

From aforementioned ideas, it appears that a small carry-over provision can provide additional flexibility at a negligible cost in terms of the integrity of budget execution. In addition, it is believed that expenditures carried over from the previous year could be balanced by expenditures carried over from the current year to the following year. However, it

takes the country's context into account. For example, in some developed countries like Australia, the annual nature of the appropriation has been altered to authorize the carry-over of up to 10% of the current expenditures. In several countries, carry-overs of capital expenditures are authorized or require only an approval of the Ministry of Finance. In developing countries, alteration of the annual rule is important provided that budget preparation (i.e., expenditure and revenue estimates) is realistic. Finally, appropriate procedures, especially for capital (investment) expenditures, are needed for paying bills and invoices that were regularly committed over the previous fiscal year and for amounts that have not yet been paid due to delays in deliveries.

III. RESULTS AND ANALYSIS *Problems of Budget Preparation in Federal Budgetary Institutions*

Depending on the role of the Ministry of Finance and Economic Development, the Macroeconomic and Fiscal Framework (MEFF) Department and Budget Preparation and Administration Directorates were taken into account for this research. To identify problems related to budget preparation, experts from both departments were asked a question used to identify existing problems in preparing budget by spending agencies /budgetary public bodies.

Table 1: Problems Observed during Budget Preparation

Did you observe the following during budget preparation?	Responses	
	N	Percent
problem ^a a. incremental approach to budget preparation	4	44.4%
b. input focused budget	2	22.2%
c. recurrent and capital budget prepared and managed separately	3	33.3%
Total	9	100.0%

a. Dichotomy group tabulated at value 1.

Source: Own Survey, July 2011

From Table 1, one can understand that all respondents agreed and said "yes" on the presence of incremental approach to budget preparation. Secondly, the respondents agreed that recurrent and capital budget preparation were managed separately. Thirdly, they said there has been input focused budget in the spending agencies. This implies the incremental approach to budgeting is the most prevalent in the budget process. None of them said delays in the issue of budget call by MoFED.

As per the Financial Administration Proclamation No.648/2009, MOFED shall establish the maximum amount on which each expenditure budget request is to be based. Depending on this, the experts were also asked how they qualify the role of the line ministries in setting budget /expenditure ceiling. The respondents generally showed that the participation of the line ministries in setting the ceiling has been "strong".

The Causes of Poor Budget Execution in the Selected Public Bodies

As stated by Peter (2002), large divergences between budgets planned and actual spending can normally be explained by systemic PEM shortcomings. In the case of selected public bodies of Federal Government of Ethiopia, the causes of poor budget execution in the selected public bodies were investigated. Accordingly, most internal auditors (54.8%) said that a weak system of transparency and accountability is the cause of poor budget execution. The others, 22.6% said "lack of adequate manpower" was one of the causes. Thirdly, they mentioned that there is a weak relationship between the internal audit and the management. Lastly, they also mentioned absence of procedures and guidelines.

In a similar way, the external auditors from OFAG corroborated that "weak system of transparency and accountability" is the main factor that results in poor budget implementation and execution in

the said budgetary organizations in particular, and, in federal government budgetary organizations, in general. Of the respondents, (61.5%) agreed that "weak system of transparency and accountability" is one of the causes of poor budget execution in the first place. Secondly, they indicated that "lack of adequate manpower" is one other cause of poor budget execution in federal government budgetary institutions. Only one (7.7%) of the respondents indicated that the "weak relationship between management of the respective organizations and the internal auditors" as one of the causes of the poor budget execution.

To summarize the responses given by both internal and external auditors on this issue, five elements were indicated as factors that can affect the effective and efficient utilization of budget even though the extent of each factor differs among the budgetary institution of the federal government. All respondents replied that weak system of transparency and accountability mostly causes shortcomings in budget execution in the respective budgetary institutions. Lack of adequate manpower is the second most influential factor that results in poor budget execution. However, a few of internal auditors (6.5%) agreed that absence of guidelines is another factor that hardly affects

execution of budget in the federal budgetary institutions under discussion. Only one of the respondents (3.2%) agreed that there is absence of procedures that resulted in inefficient budget execution. The external auditors did not agree that there was absence of procedures and guidelines. This implies, by implication, that internal auditors are closer to the work of audit in the federal government organization and may face the mentioned problems even though external auditors disagreed.

Impacts of Poor Budget Execution in the Selected Public Bodies

Over-spending of budget by federal budgetary institutions and its reasons

Poor budget execution generally leads to poor outcomes for the intended beneficiaries of government expenditure programs. Problems in budget execution can take different shapes, mainly as under-commitment and under-payment.

Sometimes, especially in the absence of effective controls, over-commitment and over-payment can also occur (Peter, 2002). The case of selected Federal Government budgetary institutions assessed is presented hereunder in Table 2.

Table 2: Suggestions on Overrun of Budget in FG Organization: External Auditors

How do you qualify over spending of budget in FG organizations?	Frequency	Valid Percent	Cumulative Percent
very significant	2	20.0	20.0
significant	4	40.0	60.0
not as such	10	40.0	100.0
Total		100.0	

Source: Own Survey, July 2011

From the Table 2, above, external auditors from OFAG suggested the situation of overrun of budget in budgetary institutions in different ways. For example, 2 (20%) rated the overrun of budget as "very significant" and other respondents, 4(40%), qualified it as "significant". The remaining, 4(40%) of the respondent did not indicate the overrun as an issue. Finally, none rated "no overrun" of spending of budget. This shows that, in general terms, overrun of budget is being experienced in federal government budgetary institutions as suggested in by external auditors even if their responses are given /qualified in different forms.

Thirteen (50%) of them rated budget overrun as significant. The next largest number, 19.2% said it is not, while 23.1% of them suggested "no overrun" of budget. Finally, the smallest number of them (7.7%) qualified the situation as "very significant".

Generally, this implies, the difference between the manner by which the respective budgetary institutions are using their budget; however, this can show the high

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experience of overspending of budget in the selected institution when we take those who said "very significant" and "significant". These two, cumulatively accounted for 57.7% excluding those who said "not as such" because in the option "Not as such" one can understand that there is overrun of budget even if they said "not much" compared with the first two responses provided to the respondents. Thirdly, for the same case, budget and finance experts 9(39.1%) indicated that there is "no overrun of budget". The next larger number 6 (26.1%) rated it "significant" and 6 (26.1%) of them rated as "not as such" with 2 (8.7%) rating it "very significant". Lastly, 7 (23.3%) of the experts did not rate the extent of overspending of budget in their organization. This implies that there is overrun of budget in the selected federal government budgetary institutions even if some of the experts did say there is no overrun of budget in their organization.

In addition to the above discussion the budget utilization by some federal budgetary organizations in five consecutive years is summarized in Table 3, below.

Table 3: Budget Utilization/Performance by Selected Federal Budgetary Institutions (1999E.C-2003E.C)

Name of public body	Fiscal year	Adjusted Budget	Actual Expenditure	Variance %	Adjusted Budget	Actual Expenditure	Variance %	Adjusted Budget	Actual Expenditure	Variance %	Adjusted Budget	Actual Expenditure	Variance %
Ministry of Finance and Economic Development	1999E.C	72580.06	49597.9	31.7	1974808	1000840	45.3	16799	14252.9	14.98	10	11	12-10
	2000E.C	114907.8	80208.9	30.2	1396212	1102388	21.0	35428.7	31909.7	9.9	10	11	12-10
	2001E.C	125035.8	97715.0	21.9	1254	855	31.8	21009.6	17167.7	18.3	10	11	12-10
	2002E.C	387878.3	361051	6.9	1253	1116	10.9	20609.1	16489.2	19.99	10	11	12-10
	2003E.C	NA	NA	NA	NA	NA	NA	19475.3	21403.2	-9.9	10	11	12-10
Ethiopian Geology Agency	1999E.C	16799	14252.9	14.98	16799	14252.9	14.98	16799	14252.9	14.98	16799	14252.9	14.98
	2000E.C	35428.7	31909.7	9.9	35428.7	31909.7	9.9	35428.7	31909.7	9.9	35428.7	31909.7	9.9
	2001E.C	21009.6	17167.7	18.3	21009.6	17167.7	18.3	21009.6	17167.7	18.3	21009.6	17167.7	18.3
	2002E.C	20609.1	16489.2	19.99	20609.1	16489.2	19.99	20609.1	16489.2	19.99	20609.1	16489.2	19.99
	2003E.C	19475.3	21403.2	-9.9	19475.3	21403.2	-9.9	19475.3	21403.2	-9.9	19475.3	21403.2	-9.9
Environmental Protection Authority	1999E.C	15571.9	14168.3	11.9	15571.9	14168.3	11.9	15571.9	14168.3	11.9	15571.9	14168.3	11.9
	2000E.C	14168.3	13257.3	6.4	14168.3	13257.3	6.4	14168.3	13257.3	6.4	14168.3	13257.3	6.4
	2001E.C	19206	14335.9	25.4	19206	14335.9	25.4	19206	14335.9	25.4	19206	14335.9	25.4
	2002E.C	16230.8	13514.8	16.7	16230.8	13514.8	16.7	16230.8	13514.8	16.7	16230.8	13514.8	16.7
	2003E.C	25901.4	24496.9	5.4	25901.4	24496.9	5.4	25901.4	24496.9	5.4	25901.4	24496.9	5.4
Federal Ethics and Anti-corruption Commission	1999E.C	10011.9	13257.3	6.4	10011.9	13257.3	6.4	10011.9	13257.3	6.4	10011.9	13257.3	6.4
	2000E.C	14168.3	13257.3	6.4	14168.3	13257.3	6.4	14168.3	13257.3	6.4	14168.3	13257.3	6.4
	2001E.C	19206	14335.9	25.4	19206	14335.9	25.4	19206	14335.9	25.4	19206	14335.9	25.4
	2002E.C	16230.8	13514.8	16.7	16230.8	13514.8	16.7	16230.8	13514.8	16.7	16230.8	13514.8	16.7
	2003E.C	25901.4	24496.9	5.4	25901.4	24496.9	5.4	25901.4	24496.9	5.4	25901.4	24496.9	5.4

Source: From selected Federal Budgetary institutions and MOFED

As shown in Table 3, above, almost all of the organizations' budget execution shows under utilization of budget for the entire budget years. This is because the variance ratio for the years under considerations is positive except for one of the organizations with variance ratio of -9.9 %. Negative variance ratio means the actual expenditure is greater than the adjusted budget of the organization or over-utilization of budget by the organization. One can also, from Table 3, understand that the budget utilization of all organizations improved from 1999 to 2003 EC. Budget year except for the years data was not available. This implies that under-utilizing their budget and over-utilization of budget is very rare.

Based on the case related with the presence of overrun of budget in their organization, the respondents were also asked the reasons of overrun of budget if they rated overrun of budget in their organization as "significant" and "very significant". Based on their responses, the reasons mentioned by experts such as internal auditors, planning, budgeting and finance experts, and the external auditors are summarized as in Table 4, below.

As shown in Table 4, above, experts working in the area of execution of budget put the reasons in order of the extent the factors result in overrun of

budget. Accordingly, internal auditors have ordered the factors/reasons why budget overrun was significant or very significant. These are mentioned from the highest to lowest: deficiency in budget preparation, unforeseen factors/inflation, spending from special account and non-compliance of budget manager with spending limits defined in the budget. Depending on the response of the experts (internal auditors, problems in budget preparation is the first reason and non-compliance of budget manager with spending limits defined in the budget is the least possible reason for occurrence of overrun of budget. Besides these two reasons, unforeseen factors and spending from special account are ordered in the second and third place respectively depending on the degree they result in overrun of budget by the organizations.

Secondly, the same case was presented to external auditors to justify the reason why they said that the overrun of budget is significant or very significant. As a result, they ordered the reasons from highest to lowest as shown in Table 4, above. Firstly, deficiency in budget preparation; secondly, non-compliance of budget manager with spending limits defined in the budget; thirdly, unforeseen factors/inflation and lastly, as a result of spending from special account.

Table 4: Order of Reasons for Prevalence of Overrun of Budget

Order of reasons for prevalence of overrun of budget (internal auditors)	No. of respondents	Mean*
deficiency in budget preparation	15	1.9333
unforeseen factors/inflation	15	2.4667
as a result of spending from special account	15	2.7333
non-compliance of budget manager with spending limits defined in the budget	15	2.8667
*computed based on the suggestion by respondents(1 st to 4 th order)		
Order of reasons for prevalence of overrun of budget Order of reasons mentioned by respondents(external auditors)	No. of respondents	Mean*
deficiency in budget preparation	6	1.6667
non-compliance of budget manager with spending limits defined in the budget	6	2.3333
unforeseen factors/inflation	6	2.5000
as a result of spending from special account	6	3.5000
*computed based on the suggestion by respondents(1 st to 4 th order)		
Order of reasons mentioned by respondents(planning, budgeting and finance experts)	No. of respondents	Mean*
deficiency in budget preparation	9	1.6667
as a result of spending from special account	9	2.5556
non-compliance of budget manager with spending limits defined in the budget	9	2.7778
unforeseen factors/inflation	9	3.0000
*computed based on the suggestion by respondents(1 st to 4 th order)		

Source: Own Survey, July 2011

This implies there is deficiency in budget preparation by the organization and this results in overrun of budget because the estimated and approved budget is by far less than actual used budget. On the other hand there are cases in which organizations using off-budget funds to finance their expenditure and this is the least possible reason for federal government organizations why their overrun of budget have become significant or very

significant. This implies, both for internal and external auditors, that the problems in budget preparation have been put first as the reason for the budget overrun is said to be significant or very significant. Thirdly, from Table 4, depending on the statistical output of the responses from the respondents, order of the reasons is firstly, deficiency in budget preparation; secondly, as a result of spending from special account; thirdly, non-compliance of budget

manager with spending limits defined in the budget; and lastly, unforeseen factors/inflation. This implies, the deficiency of budget preparation is the first reason for the organization to experience significant or very significant overrun of budget as suggested by the planning, budget and finance experts. The discussion on the three cases discussed above implies the problems in budget preparation have become serious for budgetary institutions of Federal Government.

Under-spending of budget by federal budgetary institutions and its causes

As one of the result of poor budget execution, budgetary institutions also encountered the problems of under-spending of

budget which show inefficiency of the budgetary institutions. This is because, in some countries, there will be under-spending of the budget, often in the capital budget and which is not necessarily a sign of effective budget implementation; rather, it means the line ministries do not have the capacity to implement the projects in the capital budget.

To check whether the federal government budgetary organizations experienced such problems, a case was provided to the experts working on budget and control of budget in the line spending agencies of the federal government in Addis Ababa and to the experts of the Ministry of Finance and Economic Development. The responses from the respondents are organized in Table 5.1, below.

Table 5.1 Comments by External Auditors

Is there any experience of under spending of budget by spending organizations?	Frequency	Percent
always	3	33.3
sometimes	6	66.7
Total	9	100.0

Own Survey, August 2011

Table 5.1, above, shows that the external auditors from Office of Auditor General agreed that there is under-spending of budget by spending organization, sometimes. This accounted for 66.7% of the respondents. The remaining three respondents (33.3%) said there is under-spending 'always'. None of the respondents commented, "not at

all". In general, the result from Table 5.1 shows the experience of under spending by federal budgetary institutions as stated by auditors from OFAG.

The above case was also presented to planning, budget and finance experts working in the line departments of the federal government.

Table 5.2: Comments by Planning, Budget and Finance Experts.

Is there any experience of under-spending of budget by your organization?	Frequency	Valid Percent	Cumulative Percent
always	5	19.2	19.2
sometimes		76.9	96.2
not at all	20	3.8	100.0
Total	1	100.0	
	26		

Source: Own Survey, August 2011.

Table 5.2, above, shows the responses given by planning, budget and finance experts on the experience of under-spending in their organizations. The experts commented that there has been under-spending by the respective organization and this was qualified as "always" and "sometimes". Five (19.2%) said "always" and 20 (76.9%) of them said "sometimes". One (3.8%) of the respondents said "not at all". This shows almost all respondents agreed that under-spending of budget is not uncommon and it is one of the problems related to poor budget execution by their organization.

Finally, this case was also considered by experts working in the Budget Preparation and Administration in the Ministry of Finance and Economic Development (MoFED). The experts confirmed that spending agencies have experienced under-spending. Three (75%), confirmed

presence of such a situation by saying, "sometimes" while one of them said, "always". None of them said it "not at all" even though it was provided as an option in the questionnaire. This implies that occurrence of under-spending in the federal government budgetary institutions has not been confirmed only by experts working in the respective line ministries such as internal auditors and planning budget and finance experts, but also, by budget experts working in the MoFED.

Based on the case discussed above, the subsequent sections discuss the causes for under-spending by the federal government organizations. Experts from line spending agencies and experts from OFAG were included in the inquiry. The results are shown in Table 6, below.

Table 6: Comments by Planning, Budget and Finance Experts

What are causes of under spending in budget utilization in the case of your organization?	Responses	
	N	Percent
cause ^a needlessness of budgeting by spending agencies	1	6.3%
poor performance of the spending agencies	6	37.5%
no study conducted on the issue	6	37.5%
delay in releasing budget from the center/MoFED	3	18.8%
Total	16	100.0%

a. Dichotomy group tabulated at value 1.

Source: Own Survey, August 2011.

From Table 6.1, it is possible to see that 37.5% of the respondents said poor performance of the spending agencies is the cause for under spending as of their respective organization. Equally likely other 37.5% of the respondents said no study conducted on the issue. The remaining, 18.8% and 6.3% of

them cited delay in releasing budget from the center/MoFED and needlessness of budgeting by spending agencies respectively. This case also triangulated to external auditors from OFAG. The responses from this group summarized as follows in table 6.2.

Table 6.2: Factors commented by External Auditors

What are causes of under spending in budget utilization in the case of spending organizations?	Responses	
	N	Percent
cause ^a insufficiency in project /program preparation	5	41.7%
needlessness of budgeting by spending agencies	1	8.3%
poor performance of the spending agencies	4	33.3%
no study conducted on the issue	2	16.7%
Total	12	100.0%

Source: Source: Own Survey, August 2011.

As depicted in Table 6.2, above, the external auditors from OFAG responded that under-spending is due, firstly to insufficiency in project /program preparation, which was suggested by 5 (41.7%) of the respondents. Secondly, 4 (33.3%) of them said "poor performance of the spending agencies and, thirdly, 1(8.3%) of them said

"needlessness of budgeting" by spending agencies. Lastly, 2(16.7%) of them said "no study conducted on the issue".

Lastly, experts at the level of ministry were also asked questions related to the above case. The opinions of the experts are summarized in Table 6.3, below.

Table 6.3: Factors Commented on by External Auditors

What were the causes under spending in budget utilization?	Responses	
	N	Percent
cause ^a insufficiency in project /program preparation	2	40.0%
poor performance of the spending agencies	1	20.0%
no study conducted on the issue	2	40.0%
Total	5	100.0%

a. Dichotomy group tabulated at value 1.

Source: Own Survey, July 2011

From Table 6.3, above, the experts selected two reasons for under-spending by spending agencies in the level of federal governments. Similar to the first three groups of experts, "insufficiency in project /program preparation" and "poor performance of the spending agencies" is indicated by senior budget experts as causes for under-spending. However, two (40%) of them stated that "no study conducted on the issue".

Transparency and accountability in budget utilization in Federal Government organizations

As shown in literature review, according to IMF code (1998:122) cited in Folscher (1999), information on government activities should be provided to the public; budget preparation, execution, and reporting should be undertaken in an open manner; and fiscal information should be subjected to independent assurances of integrity. To assess the above situation, questionnaires were distributed to different actors

in budget processes such as internal auditors working in the line departments of the federal government, external auditors from Office of Federal Auditor General. The responses from such professionals summarized in Table 7, below.

Table 7, above, shows the perception of the respondents on the prevalence of a system of transparency and accountability in their organization. Two (22.2 %) of them responded, "strong", three (33.3%) qualified the system as "somewhat strong". Other respondents (33.3%) responded that the system is weak while the remaining (11.1%) said "very weak". None of the respondents (external auditors) said "very strong". This shows the transparency and accountability of the spending agencies is in question even though it may differ from one organization to another.

The second group of respondents, internal auditors, also commented on the strength of the transparency and accountability system. Some 30.8% of them said it was "strong" and 34.6% said it

as "somewhat strong" while 23.1% branded it "weak. Three (11.5%) characterized it as "very weak".

Table 7: Opinion of External and Internal Auditors

How do you qualify system of accountability in spending organizations? (External Auditors)	Frequency	Valid Percent	Cum. Percent
strong	2	22.2	22.2
somewhat strong	3	33.3	55.6
weak	3	33.3	100.0
very weak	1	11.1	
Total	9	100.0	

How do you qualify/measure system of accountability in your organization?(Internal auditors)	Frequency	Valid Percent	Cum. Percent
strong	8	30.8	30.8
somewhat strong	9	34.6	65.4
weak	6	23.1	88.5
very weak	3	11.5	100.0
Total	26	100.0	

Source: Own Survey, August 2011

Similar to the first group, none of the external auditors said "very strong". This implies the system transparency and accountability is in question. In general, these two adverse effects of poor budget execution will result in failure of government to meet its objectives through the budget.

Challenges of budget execution in federal government organizations

According to Oxford Policy Management (2011), it has been explained that different studies have shown the budget execution remains a significant challenge in developing countries. In this section, in addition to the aforementioned problems, attempts were made to examine the challenges of budget

execution in some selected federal government organizations. As a result, questionnaires were designed and distributed to some actor in budget control. The opinions of the respondents are summarized in Table 8, below.

Table 8, above, indicates that four points were suggested by respondents. Some 44.4% rated the poor budget preparation first and, 22.2%, overrun of expenditure second. Under spending and illegal purchases are placed by 18.5% and 14.8% of them respectively in the third and fourth place. This implies poor budget preparation is one of the serious causes of poor budget execution and problematic areas identified in budgetary institutions under discussion.

Table 8: The Problems/Challenges Related to Budget Execution: View of Internal Auditors

What are the problems/challenges related to budget execution in your organization? (Internal Auditors)	Responses	
	N	Percent
challenges*		
overrun of expenditure	6	22.2%
illegal purchase	4	14.8%
under spending	5	18.5%
poor preparation of budget	12	44.4%
Total	27	100.0%

What are the problems/challenges related to budget execution in spending organization? Responses (External auditors)			
	N	Percent	
overrun of expenditure	2	14.3%	
illegal purchase	5	35.7%	
under spending	2	14.3%	
poor preparation of budget	5	35.7%	
Total	14	100.0%	

Dichotomy group tabulated at value 1. Source: own survey, July 2011

Secondly, the external auditors were also included in the survey and, 35.7% of them equally agreed that illegal purchase and poor budget preparation are the problems of budget execution in spending agencies. Again, equally, overrun of expenditure and under-pending are other problems related to budget execution and rated by 14.3% of them each. In general, the above discussion still implies the problems of poor budget preparation are not uncommon.

Basic compliance control during budget execution

According to Financial Administration Proclamation

No.648/2009, internal audit is defined as "an independent and objective assurance and consulting activity designed to add value and improve an organizations operations which helps an organization accomplish its objectives by bringing in a systematic and disciplined approach to evaluate the effectiveness of risk management, control and governance process". This study also has attempted to assess and discuss the compliance controls that have been undertaken during budget execution by internal auditor and external auditors. The responses from both groups are shown in Table 9 hereunder.

Table-9 The Basic Compliance Control during Budget Execution: Internal and External Auditors

When do you undertake the basic compliance controls during budget Execution?	Frequency	Valid Percent	Cumulative Percent
at the commitment stage	10	40.0	40.0
before payment is made	5	20.0	60.0
after final payments are made	10	40.0	100.0
Total	25	100.0	
Time of basic compliance controls by external auditors		Responses	
		N	Percent
at the commitment stage		5	50.0%
when goods and services are delivered		1	10.0%
before payment is made		2	20.0%
after final payments are made		2	20.0%
Total		10	100.0%

Source: Own Survey, July 2011

From Table 9, one can see that, basic compliance controls are undertaken by internal auditors mostly at the commitment stage of expenditure cycle and after final payment is made. This has been confirmed by 40% of the respondents/internal auditors who participated in answering the questionnaire. Some 20% of them said the compliance controls have been exercised before payments are made. External auditors were also asked about the time of exercising compliance controls in the expenditure cycle. Most of them said that the controls have been made at the commitment stage. This implies the presence compliance controls in federal government budgetary institutions mostly at commitment stage as confirmed by both groups of participants.

Challenges for external auditors to ensure better budget execution

As mentioned in earlier sections external audit is one of the means to ensure better budget execution in government organizations. Therefore, in the case of OFAG the common weakness/challenge were explored and the response given by the external auditors summarized in Table 10 here under.

One can understand, from Table 10, that the respondents have rated the challenges from the most serious to the least serious challenges hindering the work of external auditors in the budgetary institutions. Accordingly, the one with the smallest mean is the "difficulties of retaining well qualified and motivated staff" which means it is mentioned in the first place by most of

respondents. Secondly, "audit findings are not always acted

upon", is the other challenge mentioned.

Table 10: The Common Weakness/Challenges Faced the OFAG in Order from Highest to Lowest

	procedures are not always followed, where these are not clearly defined	difficulties of retaining well qualified and motivated staff	Audit findings are not always acted upon	weak system of sanctions to discharge misuse of public resources
N Valid	10	10	10	10
Mean	3.3000	1.2000	2.7000	3.0000

Source: Own Survey, August 2011

Weak system of sanctions to discourage misuse of public resources and that procedures are not always followed, were also mentioned as challenges. "In addition to the above, some of the respondents also have suggested that lack of competitive salaries and motivation schemes as challenges.

Value for Money as Budgetary Control by Budgetary Institutions

In addition to the above types of audits, an attempt was made to check whether value for money audit has been conducted by the OFAG. It was mentioned that the Office has started the audit. All respondents affirmed that there was a separate department in the Office under which value for money auditing is being undertaken for the goods and services provided by federal budgetary organizations.

The study also tried to check the prevalence of the value for money

audit, i.e. whether it has been conducted by internal auditors in the line budgetary institutions. To check this, internal auditors were also asked why they did not conduct value for money audit. They confirmed that the reason why value for money auditing has not been conducted is because of the lack of human power and absence such audit practice in their organization. In addition, the respondents (internal auditors), mentioned other reasons such as lack of management commitment; lack of skill (knowledge) related to performance audit and value for money audit; complexity of the value for money audit and therefore ineffectiveness in their organization as well as lack of clear manuals for governmental organizations related to value for money auditing.

Management and the Internal Audit Department in Controlling Budget

According to Financial Administration Proclamation No.648/2009, internal control is

defined as "an integral process that is effected by a public body's management and personnel, designed to address risks and to provide reasonable assurance that is in the pursuit of the public body's mission". From this, and, definition of internal audit, it is possible to understand that internal audit is a part of internal control and there should be co-

operation between the management of the budgetary public bodies and internal auditors. Therefore, this paper also tried to analyze the co-operation of managements with internal audit departments in controlling budget execution. Table 11, below, summarises some of the issues raised.

Table 11: Opinion of Internal Auditors on Co-operation of Management

The cooperation of management with the internal audit department in controlling budget execution?	Frequency	Valid Percent	Cumulative Percent
Valid very strong	4	16.0	16.0
strong	6	24.0	40.0
moderate	10	40.0	80.0
weak	3	12.0	92.0
very weak	2	8.0	100.0
Total	25	100.0	
Comment by External Auditors			
Stand of management of spending agencies to ensure effective and efficient budget execution?	Frequency	Valid Percent	Cumulative Percent
Valid strong	2	22.2	22.2
moderate	5	55.6	77.8
weak	2	22.2	100.0
Total	9	100.0	

Source: Own Survey, August 2011

Table 11 depicts, 40% of the respondents said it co-operation was "moderate", 24% of the respondents rated it "strong" whereas 16% estimated the relationship as "very strong". The remaining 12% and 8% rated it "weak" and "very weak" respectively. This, in general, implies there have been efforts to improve the relationship between the managements and the

departments. This is because the ultimate goal for both parties is to enhance budget execution.

The stand of managements of spending agencies to ensure effective and efficient budget execution was also explored in this study. According to the responses given by respondent/external auditors in OFAG, one can see that

commitment of the management was rated "moderate", while equal number of respondents rated it as "strong" and "weak". This implies, the stand of the some line management to enhance utilization of budget has not yet improved in some budgetary public bodies in the selected federal organizations.

Efforts by MoFED to Strengthen Budget Implementation/Execution

Based on the responsibility of MoFED as stated in the Council of Ministers Financial Regulations No. 17/1997, Article

(3), among other responsibilities the Minister is required to (through MOFED) prepare a fiscal plan, and also formulate and distribute directives that give further details of the Government's financial policies in all areas covered by the regulations.

To assess and analyze the efforts that have been made by the Ministry, this paper interviewed the senior budget experts from the Budget Preparation and Administration Directorate of the MoFED. Their responses are as shown in Table 12, below.

Table 12: Efforts by MOFED to Strengthen Budget Execution

What are exercised by the ministry to strengthen budget implementation?	Responses	
	N	Percent
efforts ^a a. linking the implementation of budget to well developed plan of action by MoFED	4	44.4%
b. reviewing financial regulations, the use of incentives to reward good performance and use of sanctions to discourage misuse of public resources	1	11.1%
c. streamlining budget implementation procedures to provide more managerial freedom and to speed up service delivery	2	22.2%
d. requiring the regular reporting on both financial and physical implementation	2	22.2%
Total	9	100.0%

a. Dichotomy group tabulated at value 1.

Source: Own Survey, August 2011

From Table 12, above, one can understand that the ministry has been linking the implementation of budget to a well developed action plan and this has been exercised highly compared to other efforts. An equal number of

respondents said that streamlining budget implementation procedures to provide more managerial freedom and to speed up service delivery and requiring the regular reporting on both financial and physical

implementation are what have been exercised by the ministry. Lastly, only one respondent pointed out the reviewing financial regulations, the use of incentives to reward good performance and use of sanctions to discourage misuse of public resources as some of the ministerial efforts.

This implies start of efforts to strengthen budget execution but it hardly exercises use of incentives to reward good performance and sanctions to discourage misuse of public resources. Moreover, as confirmed by the experts, the summary of measures being taken to improve budget execution by spending agencies also include: undertaking reform for the improvement of the budget preparation and administration in line with the overall civil service reform. As a result program budgeting has been launched at the federal level, starting from the 2004 Ethiopian budget year and this reform initiative would be rolling out to the regions; training has been given to the spending agencies on the new budget system – program budgeting.

Lastly, both the internal auditors and external auditors were also requested to suggest some possible ways to ensure better budget execution in the line spending budgetary organizations. Since this study aimed at getting the professionals' suggestions on how to ensure better budget execution in the federal

government budgetary institutions, some of the suggestions forwarded by them are summarized hereunder:

Establishing independent party to measure/evaluate government's budget utilization for all public bodies; making efforts to execute activities as planned introducing and applying program budgeting to line activities with output. Previous year budget performance must be assessed to get the exact figure; the budget section should take into consideration, the audit report of the organization with respect to the overall end-year budget execution of the entity; analyzing the budget outcome; giving due consideration for better budget preparation; capital and program budgeting should be conducted by skilled budget planners/personnel.

In confirmation of the above, external auditors, have also suggested similar measures including:

System of regular follow-up management, e.g., monthly/quarterly; sanction of concerned agencies for misuse of public resources; system of accountability each level for activities to

undertaken; developing positive attitude for public budget expenditure taking into account the fact that the money is obtained from people and thus, for the people; establishment of research department under MoFED to conduct research on this; better management of budget; better remuneration for employees to protect them from misuse of budget; system of transparency in budget and participation of the people in budget control.

IV. CONCLUSION AND RECOMMENDATIONS

CONCLUSION

It was shown in the literature that efficient budget execution calls for ensuring that the budget is implemented in conformity with the authorizations granted in the law; adapting the execution of the budget to significant changes in the macroeconomic environment; resolving problems arising during implementation; and, managing the purchase and use of resources efficiently and effectively (OECD 2001). In this study, the main objective was to identify the basic challenges/problems that hinder the efficient and effective utilization of public resources in the case of selected Federal Government bodies of the Government of Ethiopia.

Therefore, in conclusion, it is important to consider the following points in line with the research questions and the objectives of the paper.

Causes of poor budget execution in the selected public bodies of the federal government of Ethiopia

As confirmed by the respondents, "weak systems of transparency and accountability"; "lack of adequate manpower"; "weak relationship between management and internal auditors"; "absence of guidelines and procedures" have been mentioned as factors that cause poor Federal Government budget execution. However, it was found that poor budget execution is mostly caused by the prevalence the first three factors: a weak system of transparency and accountability and lack of manpower as suggested by all respondents, even if the other factors are also worth mentioning.

Impacts of poor budget execution in the selected federal public bodies

Another focus of this study was the impact of the poor budget execution in selected budgetary institutions. Over-spending and under-spending of budget were assessed through information from different stakeholders in budget execution in the federal budgetary institutions.

Accordingly, it was found that overrun of budget is being experienced in federal government budgetary institutions as confirmed by all professionals who participated in the research, i.e. external auditors, planning, budgeting and finance departments and internal auditors even if their responses are given and qualified in different forms. It was found that almost in all of the budgetary institutions, under-spending was more prevalent than overspending during the observed period even though the divergences between budgeted and committed expenditure seemed to differ by the organization. Above all, the ultimate impact of these problems is the failure to meet government objectives through budgeting.

Major problems/challenges encountered by public bodies in budget execution procedures

Based on analysis of data collected from the respondents, the problems reflected in budget execution by budgetary institutions were mainly attributed to an incremental approach to budget preparation and the fact that recurrent and the capital budgets have been managed separately, which is not desirable in budget preparation. In addition, the major challenges/problems during budget execution encountered in budget execution process by the public bodies were assessed in this study.

Accordingly, it has been found that, on average; there has not been a strong system of transparency and accountability in the budget process of the Federal Government budgetary institutions. The respondents responded in different ways on the strength of the current system of transparency and accountability. Poor budget preparation, illegal purchases and under/over spending of budget were identified as the major problems, as indicated by the actors in budget process in the federal government budgetary institutions. Finally, among others, difficulties of retaining well qualified and motivated staff was found to be another challenge faced by the external auditors.

Efforts made by respective government levels to strengthen the budget executions/implementations

Finally, the efforts made by the MoFED to strengthen budget execution have included linking the implementation of budget to a well-developed plan of action streamlining budget implementation procedures to provide more managerial freedom and to speed-up service delivery as well as requiring regular reporting. Moreover, the MoFED has introduced program budgeting since the 2004 Ethiopian budget year and introduced reforms to improve budget preparation and implementation. Training has

been given to the spending agencies on the new budget system and the introduction of value-for-money auditing.

RECOMMENDATIONS

In relation to problems during budget preparation, the incremental the approach to budget preparation has to be avoided through strengthening the system of evaluation of work programs of previous years. This will be enhanced through training provided to professionals working on planning, budgeting and finance departments of the respective organizations.

Since budget execution in some Federal Government organization was found poor because of a weak system of transparency and accountability and a shortage of adequate manpower, the federal government, through the Ministry of Finance and Economic Development should intensify strengthening the system of transparency and accountability. Staffing in the area of budget has to be addressed with qualified personnel.

Awareness creation programs should be designed so as to enhance the relationship between the management and internal auditors in budgetary control. This is because the relationship between the two parties was found weak.

It has been found that one of the causes of poor budget execution is absence of guidelines and procedures. Therefore, the government agencies like Ministry of Finance and Economic Development and Office of Auditor General, should timely revise and distribute financial/budget guidelines and audit procedures in all budgetary institutions.

Concerning value-for-money auditing, parties such as MoFED and OFAG should arrange training to enhance the knowledge of the experts working in the area. The advantage of value-for-money auditing should also be communicated seriously to the management as the audit is not being conducted by some of public bodies.

Finally, further study should be conducted to really identify the required qualified personnel necessary to fill the staffing gap with a younger generation from universities. Performance Auditing, in relation to Performance Measurement course, Auditing and Good Governance should be separately offered as practical courses in higher education.

Finally, in relation to the year-end spending, making the budget preparation realistic (i.e., enhancing transparency and during budget preparation by participating citizens) is

necessary. This was also confirmed by a unit called Transparency and Accountability in Budget established to enhance participation and transparency in budgeting. This attempt by MoFED has to be strengthened. Secondly, it is good to introduce procedures of carrying-over the unspent budget to the next fiscal year. From best experience, a country like Australia carries-over up to 10% of the unspent budget. This procedure of altering annual rule of budgeting enhances the quality of items to be purchased by curbing the rush to empty budgets by budgetary institutions toward the end of every fiscal year (Liebman and Mahoney, 2010). However, the impact of year-end spending on quality of procurement and services by public bodies is open for further studies.

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The Relationship between Energy Consumption and Economic Growth: The Case of Ethiopia.

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Abstract: For any country to advance its economic activities and capabilities, availability of energy (in different types and from different source) is inevitable. Ethiopia's economy is getting a growth momentum, thus it becomes necessary to study the role of energy to the country GDP. This paper investigates the relationship between energy consumption and the Ethiopian economy from 1970 to 2009. The energy sources used to test for this relationship were petroleum and electricity; secondary data was used. By applying the co-integration econometric technique which is used to show if there is a relationship between different variables, the results derived infer that there exists a positive relationship between current period energy consumption and economic growth. The conclusion of the study is that increased energy consumption is a strong determinant of economic growth having an implicit effect in lagged periods and both an implicit and explicit effect on the present period of Ethiopia. Thus, it is pertinent that this sector be given more relevance even by exploiting the opportunities laden in the sector to increase economic growth.

Key words: energy consumption, economic performance, Ethiopia.

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I. INTRODUCTION

World economies are heavily reliant on energy and Ethiopia is not an exception. As Alam (2006) put it, energy is "the indispensable force driving all economic activities". In other words, the greater the energy consumption is the more the economic activity in the nation. As a result, a greater economy emerges.

Today, Ethiopia is seen as one of the greatest developing nation in Africa with high natural resources endowment including potential energy resources especially electricity. However, increasing access to energy in Ethiopia has proved to be not only challenging but also a pressing issue with the international community.

Major sectors of Ethiopia's economy are dependent on fossil

fuel and fuel wood (fire wood). The over-dependency on fossil fuel and firewood (used mainly by poor rural commuters) has not been met with enough capacity to meet increasing demand and this low level of energy production has now become an obstacle to the economic growth of the country.

Economic growth is a prerequisite for a nation to move from a Third World country status to a developed country one. For developing countries like Ethiopia, the greater the economic growth is the better the chance to become more developed. With adequate utilization of energy potentials to meet the demand, the nation would experience high levels of economic growth. The paper investigates the relationship between energy consumption and economic growth of the Ethiopian economy.

The paper is organized in the following manner; Chapter 1 describes the main objectives and the methodology used to undertake the study while Chapter 2 deals with the review of relevant literature. Chapter 3 describes model specification from the broad economic theory to the Ethiopian economy context with Chapter 4 showing the major finding and analysis of these findings. Chapter 5 deals with the conclusion of the study and, finally, Chapter 6 is recommendations based on the investigations of the study.

Objectives of the study

The objectives of this paper are to:

- establish a relationship between energy consumption and the Ethiopian economy
- discuss the main sources of energy in Ethiopia and how they contribute to economic growth.
- make policy recommendation based on the analysis from the findings.

Significance of the study

The main importance of the study is to give background information on the interaction between economic growth and energy consumption in the Ethiopian economy. Further, it is meant to be initiated as a baseline for the concrete study of the energy resource in this country.

II. METHODOLOGY

The co-integration econometric techniques are employed as the regression analysis to show the impact of energy consumption in the Ethiopian economy. The period under study is 1970 to 2008. Secondary data is used for this study and the main sources of the data are National Bank of Ethiopia (NBE), Central Statistical Agency (CSA), and Ethiopian Electric Corporation (ELC).

The dependent variable would be real GDP while the independent variables would be electricity consumption and other energy consumptions.

III. LITERATURE REVIEW

With the expansive usage of econometrics, the relationship between energy consumption and economic growth has been examined for different countries and different periods and broad literature in this field has been consulted. Many analysts (e.g. Kraft and Kraft, 1978; Akarca and Long, 1980; Yu and Hwang, 1984; Abosedra and Baghestani, 1991) used Granger (1969) causality tests or the related test developed by Sims (1972) to test whether energy use causes economic growth or whether energy use is determined by the level of output in the context of a bi-variate vector auto-regression. The results have been generally inconclusive. Where significant results were obtained they indicate that causality runs from output to energy use. Erol and Yu (1987) found some indications of a causal relationship between energy and output in a number of industrialized countries with the most significant relationship being for Japanese data between 1950 and 1982. However, when the sample was restricted to 1950-1973 the relationship was no longer significant. Yu and Choi (1985) also find a causal

relationship running from energy to GDP in the Philippines economy, and causality from GDP to energy in the economy of South Korea. In the latter economy, causality from energy to GDP is significant only at the 10% level. Ammah-Tagoe (1990) found causality from GDP to energy use in the Ghana.

Stern (1993) tested for Granger causality in a multivariate setting using a vector auto regression (VAR) model of GDP, energy use, capital and labour inputs. He also used a quality-adjusted index of energy input in place of gross energy use. The multivariate methodology is important because changes in energy use are frequently countered by the substitution of other factors of production, resulting in insignificant overall impact on output. Weighting energy use for changes in the composition of energy input is important because a large part of the growth effects of energy are due to substitution of higher quality energy sources such as electricity for lower quality energy sources such as coal (Jorgensen, 1984; Hall et al., 1986; Kaufmann, 1994). These results are supported by Hamilton (1983) and Burbridge and Harrison (1984), who found that changes in oil prices Granger-cause changes in GDP and unemployment in VAR models whereas oil prices are exogenous to the system.

Ohanian (1988) and Toda and Phillips (1993) showed that the distribution of test statistic for block exogeneity in a VAR with non-stationary variables is not the standard *chi-square* distribution. This means that the significance levels reported in previous studies of the Granger-causality relationship between energy and GDP may be incorrect, as both variables are generally integrated series. If there is no co-integration between the variables, then, the causality test should be carried out on a VAR in differenced data, while if there is co-integration, standard *chi-square* distributions apply when the co-integrating restrictions are imposed. Thus, testing for co-integration is a necessary prerequisite for causality testing.

Yu and Jin (1992) were the first to test whether energy and output co-integrate. They found that no such relationship exists between energy use and either employment or an index or industrial production. However, the lack of a long-run equilibrium relationship between gross energy use and output alone does not necessarily imply that there is no relation between the variables. Little analysis believes that capital, labour and technical changes play no significant role in determining output. If these variables are integrated, then there will be no co-integration between energy and output whether there is a relationship between the latter two variables or not. In addition,

decreasing energy intensity, due to increased energy efficiency, shifts in the composition of the energy input, and structural change in the economy, mean that energy and output will drift apart. Similar comments apply to the bi-variate energy employment relationship. Further, the insensitivity of the test may be compounded by use of total energy use in the economy as a whole but measuring output as industrial output alone.

Masih and Masih (1996) found co-integration between energy and GDP in India, Pakistan, and Indonesia, but no co-integration in Malaysia, Singapore, or the Philippines. Granger causality runs from energy to GDP in India but in the opposite direction in the other two countries. Again bi-variate methods yield indeterminate results.

It would seem that if a multivariate approach helps in uncovering the Granger causality relations between energy and GDP a multivariate approach should be used to investigate the co-integration relations among the variables. Stern (2000) investigated the time series properties of GDP, quality weighted energy, labour and capital series, estimating a dynamic co-integration model using the Johansen methodology. The co-integration analysis showed that energy is significant in explaining GDP. It also showed that there is co-integration

in a relationship including GDP, capital, labour and energy. This result contradicts Yu and Jin's (1992) bi-variate analysis for the United States and Masih and Masih's (1996) results for a country apart from India. This study differs from those two by including capital and labour variables and using a quality weighted index and energy input.

Glasure (2002) also investigates that role of omitted variables in the energy income relation in Korea though the variables investigated reflect fiscal and monetary policy-real money and real government expenditure. There is weak evidence of co-integration and bidirectional causality between energy and income in this model.

These results support the results of Stern (1993) regarding Granger causality between energy and GDP. The results strengthen Stern's previous conclusion that energy is limiting factor in economic growth. Shocks to the energy supply will tend to reduce output.

The demand for energy leads to economic growth. It is true that consumption is derived from demand. Whatever is consumed must have been demanded. Birol (2007) argues that demand for energy has surged and in that respect, the unrelenting increase has helped fuelled global economic growth. Yu and Choi

(1985) carried out a research on the Philippines and found that there is a positive relationship between energy consumption and economic growth. They went further to define that relationship as a unidirectional one where economic growth served as the dependent variable and energy consumptions was the independent variable. Asafu-Adjaye (2000) carried out that same research on Singapore and Indonesia respectively, and found out the same unidirectional causality effect of energy consumption and economic growth.

There are other economic findings which are contrary to the energy-GDP causality relationship. Yu and Choi (1985) carried out a verification study on the causality relationship between energy consumption and economic growth and found that the causality ran in an opposite direction, from economic growth to energy consumption

There are different types of energy that are used in different economic activities; electricity and petroleum being the most common. The positive relationship between electricity and economic growth has been justified by some authors as being consistent. Many economists agree that there is a strong correlation between electricity use and economic development. Morimoto and Hope (2001) have discovered, using the Person correlation

coefficient, that economic growth and energy consumption in Sri Lanka are highly correlated.

Breshine (2004) said electricity is vital for driving growth in the energy, manufacturing and social sectors. He went further to say that a parallel (positive) growth trend existed between electricity demand and gross domestic product (GDP). According to Simpson (1969), "it is electricity rather than the steam engine, which is driving the developing industries in modern Africa" By implication, He re-emphasizes the fact that electricity drives economic growth.

Ageel and Mohammed (2001) ran a co-integration on energy and its relationship with economic growth in Pakistan, a developing nation like Ethiopia and found that increase in electricity consumption leads to economic growth. Sanchis (2007) stated that "electricity as an industry is responsible for a great deal of output". She went on to say that electricity has effects not only on factors of production but also on the impact it has on capital accumulation.

Alam (2006) agrees that there is departure from neoclassical economics which include only capital, labour and technology as factors of production to a view which now includes energy as a factor of production. He went further to say that energy drives

that work that converts raw materials into finished products in the manufacturing process. Sanchis (2007) added that increase in the electricity production will avoid that penalization of the industrial production. Increased industrial production will eventually increase output. Thus, electricity production should become an economic policy high-priority objective which should be urgently responded to.

Theoretical framework

Before the growth theory proposed by Romar, there were other growth theories which thrived. The Solow growth theory was one of such theories which were then in vogue. The Solow growth theory was also known as the exogenous theory because it professed technology as an exogenous factor which determines growth. One of the basic assumptions of the Solow model is the diminishing returns to labour and capital; and constant returns to scale as well as competitive market equilibrium and constant savings rate. However, what is crucial about the Solow model is the fact that it explains the long-run per capita growth by the rate of technological progress, which comes from outside the model.

The endogenous growth theory or new growth theory was developed as a reaction to the flaws of the neoclassical (exogenous) growth

theory. The Romar endogenous growth theory which was first presented in 1986 takes knowledge as an input in the production function. The theory aimed at explaining long-run growth by endogenizing productivity growth or technical progress.

The major assumptions of the theory are:

- There are increasing returns to scale because of positive externalities.
- Human capital (knowledge, skills and training of individuals) and the production of new technologies are essential for long run growth.
- Private investment in research and development (RD) is the most important source of technological progress.
- Knowledge or technical advances are non-rival goods.

In the new growth theory, the savings rate affects the long-run economic growth because, in this framework, a higher level of savings and capital formation allows for greater investment in human capital and research and development. The model predicts that the economy can grow forever as long as it does not run out of new ideas or technological advancement.

Just like the exogenous growth theory, the endogenous growth theory professes convergence of nations by diffusion of technology; a situation where poor countries manage to catch up with the richer countries by gradual imitation of technology.

Romar states the production function of a firm in the following form:

$$Y = A(R)F(R_j, K_i, L_i)$$

Where:

A – Public stock of knowledge from research and development @.

R_j – Stock of results from the stock of expenditure on research and development.

K_i – Capital stock of firm i

L_i – Labour stock of firm i

The R_i actually represents the technology prevalent at the time in firm i . Any new research technology spills over quickly across the entire nation. Technological progress (advancement) implies the development of new ideas which resemble public goods because they are non-rival. When the new ideas are added as factors of production, the returns to scale tend to be increasing.

In this model, new technology is the ultimate determinant of long-run growth and it is itself determined by investment in

research technology. Therefore, Romar takes investment in research on technology as an endogenous factor in terms of the acquisition of new knowledge by rational profit maximization firms.

From the foregoing, I derive the aggregate production function of the endogenous theory as follow:

$$Y = F(A, K, L)$$

Where;

Y = aggregate real output

K = stock of capital

L = stock of labour

A = technology (or technological advancement).

Technology is seen as an endogenous factor which could be related to energy. Most technology, as given per time, is dependent on the availability of useful energy to power it. The technology referred to here is that such as plant and machinery. Without adequate energy supply (in this case electricity or petroleum), these technologies are practically useless. The law of thermodynamics helps to justify this by stating that "no production process can be driven without energy conversion". Energy is not the sole determinant of technology but is a necessary factor to ensure that technology (at what ever level) is being utilized. Conversion of energy in its raw state into useful state is highly technology oriented.

Taking cue from the technology oriented nature of energy production; it is also known that energy production is capital intensive. Huge machineries are required to produce useable energy. This will mean that a huge amount of capital will be required to produce energy. Huge investments must then be made on energy not only to produce but to attain energy efficiency. For the sake of justifying the endogenous growth model, capital and labour will be used along side with various energy sources in the specification of the model.

Model Specification

Taking inference from the empirical findings and theories, which has been derived from the theoretical exposition of the exogenous growth theories and then making energy central to the equation, a model will be drawn up to determine economic growth in Ethiopian context.

If energy is taken as an independent variable, then the model can be stated as:

$$Y = f(K, L, E)$$

Where; Y = Output

K = Gross fixed capital formation.

L = Labour force

E = Energy

However, in the Ethiopian context, two main energy types are considered - petroleum, and

electricity; this is mainly due to the fact that in the current circumstances, it is apparent the relationship between the two energy resources is such that the energy resource through wood is irrelevant to huge economic endeavours. Therefore, splitting E into two, then the model could be restated as follows:

$$RGDP = f(Gfcf, Laf, Coc, Etc.)$$

Where;

RGDP = Output

Gfcf = Gross fixed capital formation

Laf = Labour force

Coc = Petroleum consumption

Etc - Electricity consumption

Rewriting the model above in a linear form, I obtain:

$$\ln RGDP_t = \alpha_0 + \alpha_1 Gfcf_t + \alpha_2 Coc_t + \alpha_3 Etc_t + U_t$$

Priori expectations:

$$\alpha_1 > 0, \alpha_2 > 0, \alpha_3 > 0, \alpha_4 > 0$$

Where: α_1 to α_4 represents the slope coefficients, α_0 is the intercept, U_t is the stochastic term or the error term at time t.

IV. DATA ANALYSIS AND PRESENTATION

The previous section has dealt with the theoretical framework and methodology of the study. A model which represents the subject matter of the study has been specified and will be used to

been specified and will be used to justify the relationship between energy consumption and economic growth. Therefore, this section, using the co-integration technique, concentrates on the analysis of the data, estimation of the model and interpretation of the results obtained in this study.

Using the data, which has been obtained, from secondary sources, this section presents the result obtained in the study using the co-integration technique. All three stages of the technique are utilized here. Table 1, below, shows the units root test using ADF at levels and first differences while Table 2 shows the unit root test of the residual which is derived from the ordinary least square result. Finally, Table 3 shows the error correction of the growth model.

Analysis of the result

Test of stationary variables

In Table 1 it is observed, using the ADF that the variables under test are stationary at either 5% or 10% levels.

Test for co-integration

Having shown that, the variables are stationary at 5% or 10% level, Table 2 tests for co-integration of the variable by testing unit root of the residual. The major aim of this test is to find whether a linear combination of variables that are integrated of the same order is stationary.

Table 1: Unit Root Tests (data from 1970 to 2009), Ethiopia

Variable	Levels	First Difference
	ADF	ADF
LOGRGDP	0.31	-3.6973*
LOGETC	-1.593657	-3.577723*
LOGCOC	-3.82351	-6.095421**
LOGGFCF	-2.14523	-3.626784*
LOGLAF	-2.859420	-3.711457*

Note that Augmented Dickey Muller (ADF) is used here instead of Dickey Fuller (DF) because the ADF is more sophisticated in testing for stationarity of variables. Significant at 5%, **, and significant at 10% *

Table 2: Unit Root Tests of Residual (data from 1970 to 2009), Ethiopia

Variables	ADF	
	Trended	Untrended
ECM	-2.857937	-3.711457

If co-integration exists, then there is a long-run relationship between the variables.

After running the OLS estimation, the residual of the equation was tested for the unit root and was discovered to be stationary at both 5% and 10% levels as shown in Table 2. This was due to the fact that the absolute value of the observed variables is greater than the absolute critical value. This means that the null hypothesis which states that the residual of the co-integrating regression equation is non-stationary has to be rejected at both 5% and 10%

level of significance. By this, it is evident there exists a long-run relationship between the variables in the growth equation.

Coefficient of determination

The error correction model is of good fit. This is shown by the coefficient of determination that is R square (R^2) and adjusted R square (\bar{R}^2), which are 88.7% and 80.5% respectively. Using \bar{R}^2 , which means that 80.5% variation in the dependent variable is explained by the independent variables.

Table 3: Parsimonious Error Correction of the Growth Model

Dependent variable: DLRGDP

Dependent Variable: DLRGDP

Method: Least Squares

Date: 04/26/10 Time: 19:26

Sample (adjusted): 1984 2007

Included observations: 24 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DLLAF	0.362750	0.2709	-8.050448	0.0000
DLGFCF	0.239832	0.0311	4.776409	0.0000
DLETC	0.401795	0.6010	2.513109	0.0000
DLCOC	0.009297	0.5211	6.112508	0.0000
C	11.85166	0.0709	2.345209	0.0000
DLLAF(-3)	1.371208	0.1209	3.316203	0.0069
DLGFCF(-1)	-2.525610	0.8411	-2.854993	0.0157
DLGFCF(-2)	-2.725210	0.1511	-2.976794	0.0126
DLETC(-4)	6.736310	0.0310	2.223509	0.0481
DLCOC(-1)	6.556311	0.5411	2.575239	0.0258
DLCOC(-2)	9.741211	0.5011	2.785776	0.0177
DLCOC(-3)	6.003611	0.4011	2.499001	0.0296
ECM4(-1)	-0.782653	0.0110	4.982509	0.0000

R-squared	0.887346	Mean dependent var	10.89030
Adjusted R-squared	0.805164	S.D. dependent var	0.303960
S.E. of regression	3.233111	Akaike info criterion	-4.217038
Sum squared resid	0.034786	Schwarz criterion	-4.253227
Log likelihood	71.174003	Hannan-Quinn criter.	-4.300109
F-statistic	8.2635487	Durbin-Watson stat	2.915973
Prob(F-statistic)	0.000000		

F statistics

The F value calculated is 8.2 and this shows that it is statistically significant at 5% level. This means that the explanatory variables simultaneously explain the variations in the dependent variable.

Durbin Watson (DW)

The DW measures for presence of autocorrelation in the model. However, it is noticed that the model is free from autocorrelation since the DW statistics observed in the model is 2.915, which is approximately 3. This means the model is reliable in explaining the economic growth in Ethiopia.

Significance of variables

From the parsimonious error correction model reported in Table 3, it is observed that the variables are significant at either at the 5 or 10% level. The model is the best and captures the lagged changes in the independent variables.

From the result obtained in the model, the current period coefficients of all variables are positively related to the gross domestic product. With the exception of electricity consumption and labour force which were significant at 10%, the other current period coefficients are significant at level 5%.

It was noted that the second, third, and fourth period lags of electricity and petroleum consumption are negatively related to the real GDP. The observed lagged variables of electricity consumption and crude oil consumption have been found to be significant at 5% level with the exception of the second period lag of crude oil consumption which is significant at the 10% level.

Error correction term (ECT)

To check for the speed of adjustment of the model from the short-run to the long-run equilibrium states then I consider the error correcting term; the greater the coefficient of the error correcting term, the faster the speed of adjustment of the model from short-run to long-run. In the results obtained from the model, the coefficient of Ecm_1 as shown in Table 3 is approximately 0.78. Considering its absolute value, the speed of the adjustment from the short-run to the long-run is 78%. This shows that ECM_1 has a relatively high speed of adjustment.

Combined result analysis

From the results obtained, it is seen that the present period petroleum is more highly correlated with economic growth. It is seen that the variables also passed the test at 5% level of significance. The present period

petroleum consumption has met the *priori* expectation which states that petroleum and economic growth are positively related. However it is noticed that second, third and fourth period lags are negatively related to GDP and, on this note, I reject the null hypothesis and accept the alternative which states that petroleum consumption has an effect on economic growth.

Like petroleum, the present consumption of electricity is positively related to economic growth. However, the second, third and fourth lags are negatively related to economic growth. The present period value conforms to a *priori* expectation and is significant at 10% level. Therefore, the null hypothesis which states no effect on economic growth is rejected.

V. CONCLUSION

This paper asserts that there exist a positive relationship between energy consumption and economic growth. While reviewing the relevant literatures on the relationship between energy consumption and economic growth, it adopts the endogenous growth theory as its theoretical framework. Taking cue from the basics of this theory, a model was specified using real gross domestic product as a function of capital, labour, petroleum consumption. The paper uses the co-integration

technique to test for the relationship between the variables in the specified model and subsequently come up with the findings

In light of the test being carried out covering a period of 36 years (1970-2007), the following are the key findings to the study.

- I. There is a positive relationship between real gross domestic product and capital
- II. There is a positive relationship between real gross domestic product and labour force
- III. There is a positive relationship between real gross domestic product and petroleum consumption
- IV. There is a positive relationship between real gross domestic product and electricity consumption

The analysis reveals that capital and labour force conform to known theories which states that they are related to economic growth. Furthermore, I also discover that crude oil consumption and electricity consumption are positively related to economic growth. However, lagged values of electricity and crude oil consumption are negatively related to economic growth. The reason for this could be because these two energy sources have direct influence on the economy in the present period

than in the lagged periods. That is to say, energy consumption acts mainly as an intermediate and final product in the present period. In other words, the effect of electricity in the past can only be seen in other factors or products which influence gross domestic product today but the effects of electricity in the current period will not only be seen in the same frame as in the lagged years but in tune with its direct effect on economic growth.

VI. RECOMMENDATIONS

In the light of the findings derived from this study, the following recommendations are made:

Increase energy supply around the country.

Since it has been found that energy is related to growth, increasing energy supply in an energy hungry nation like Ethiopia will have a positive influence on economic growth. Increasing energy supply should be involved optimal production and utilization.

Increased research and development in energy sector

There is a need to increase research and development in the energy sector so that innovation can be fostered. Research and development into renewable sources of energy could be

fostered and this could enhance economic growth.

Diversification of energy sources

Oil has single-handedly accounted for the majority share in energy consumption and even though there is a tremendous increase in the production and consumption of hydro-electricity; thus the extraction of natural gas and coal should be well intensified.

Promote energy efficiency and conservation

This would include education of the public on energy conservation and efficiency. It also involves a review and upgrade of energy efficiency standards. Building and appliances used in the country should be of high standard such that they consume the lowest quantity of energy possible.

Attain efficient pricing of energy supply

When energy prices are too high, then there is abuse of resources by the consumers who cannot afford it and this might reduce consumption especially that of the low income class of people. When prices are a bit too low there tends to be inefficient use of energy.

Increasing funding in the sector

It is certain that the energy sector is capital intensive and would

require huge amount of investment. Towards this end, the public and private sector could form a partnership to tackle this investment problem. Also, government needs to increase the budgetary allocation to the sector and make the release of funds as fast as possible with out delays.

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The Resettlement Program and Sustainable Food Security: The Case of Essera Woreda Resettlement Schemes in Dawuro Zone of SNNPR

Terefe Zeleke*

Abstract: This study assesses the contribution of the current resettlement program to sustainable food security for households in resettlement areas in Essera woreda of Dawuro Zone in SNNPR. A sample of 144 (13%) household heads was selected for the survey by using stratified and simple random sampling techniques in two kebeles of the resettlement area and one host kebele. In addition, focus group discussion with representatives of resettlers and host communities; key informant interviews and personal observation have been employed in this study. The study results show that the consultations about the program was made with the majority of resettlers and host communities prior to the implementation of the program and the movement of resettlers to the new area was voluntary. However, the minimum standards of basic infrastructure and social service facilities were not well established in the area prior to the execution of the program and have not yet been improved. It was also noticed that household heads in resettlement areas are unsustainably harvesting forest resources for different purposes and they have not been advised to plant trees and to use alternative options to reduce their reliance on natural resources like forest. Food availability and food access for household heads through on-farm activities such as crop production, livestock rearing, bee-keeping, food acquisition (calories intake per day) and their income status have been improved in resettlement areas as well as in host communities after the resettlement program. But agricultural activities and all income sources for household heads are entirely reliant on rainfall. On the other hand, the off-farm activities such as petty trade, handicrafts, agricultural labour work and food-for-work programs which can generate additional income for household heads to cope with adverse circumstances are hardly carried out by resettlers. Thus, the intervention of all concerned bodies is imperative to reverse the problems related to resettlement and to enhance the diversification of income sources to households in the area.

Key words: food security, resettlement, host community, off-farm activities, on-farm activities.

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I. INTRODUCTION

Food insecurity in Ethiopia derives mainly from dependence on undiversified livelihoods based on low input and low output rain-fed agriculture. As a result, most Ethiopian farmers do not produce enough to meet their consumption requirements (Devereux, 2000). Besides, long-term factors such as population growth, environmental degradation, diminished landholdings, lack of on-farm technological innovations, and lack of off-farm income sources have led to a decline in productivity per household in the country (Workneh, 2008).

In order to find long-term solutions to chronic food insecurity in four largely populated regions such as Amahara, Tigray, Oromia and Southern Nations, Nationalities and Peoples Region, the current Federal Democratic Government of Ethiopia launched the voluntary intra-regional resettlement program. The intra-regional resettlement program was launched with an objective to resettle 440 households (2.2 million chronically food insecure people). The implementation document of the program states that the current resettlement program is based on basic pillars and principles such as pure voluntarism, the availability of underutilized land in receiving areas, prior establishment of minimum infrastructure facilities,

consultation with host communities, and proper preparation, among others, to ensure sustainable food security in new areas where people have been relocated (New Coalition for Food Security in Ethiopia, 2003; PASDEP¹, 2006).

Essera woreda in Dawuro Zone is one of the areas in the region where the intra-regional resettlement program has been undertaken in the SNNPR. Essera is one of the five woredas in Dawuro Zone which received and hosted 3357 households from other three zones in the region such as Wolayita, Kambata and Hadiya during 2003-2008 (EWFSCD, 2010). It is bounded in West by Konta special Woreda, in South by Gamu Gofa Zone, in the East by Loma Woreda and in the North and North East by Tocha and Mareka woredas, respectively.

The total population of Essera woreda is 65,751 out of which 33,221 are male and 32,530 are female (CSA, 2007). The areas of the woreda experience mainly three agro-ecological climatic conditions such as "Kola" (500-1500m), "Woyina Dega" (1500-2500m) and "Dega" (>2500m). The resettlers were relocated in five lowland kebeles in the woreda ("Kola" agro-climatic conditions) namely Manera, Boyina, Neda,

¹ Plan for Accelerated and Sustainable Development to End Poverty

Modi and Yucha which have not been occupied by host communities so far. All the areas selected for resettlement were savannah grassland and forest areas which have not been cultivated by local people prior to the relocation of resettlers (Essera Woreda Agricultural & Rural Development Office, 2010).

Concerning the execution of program, most of the studies undertaken at national level on different resettlement areas seem to indicate poor social and physical infrastructure in the resettlement areas, less consideration for environmental management, absence of feasibility studies and minimal consultation between resettlers and host communities, all of which contribute to the success of the program (Kassahun, 2005; Dessalegn, 2005; Gebre, 2005). Although the purpose of implementing the resettlement program is to ensure food security for food insecure households in the country, they were unable to improve their livelihood through the current one-hectare-and-below landholding which they have been given in the new areas (Asfaw, 2005; Driba, 2005). In addition, there were some problems related to roads, education, health, and safe potable drinking water, during implementation of the resettlement program in SNNPR (Wolde Sellasie, 2003; Mellesse, 2005).

The intra-regional resettlement program which has been implemented in Dawuro Zone has also experienced some of the problems revealed in all the above-mentioned studies during its actual execution. These problems are poor condition of infrastructure and social service facilities, the lack of market links, and the depletion of natural resources in the area. In addition, heads of households might experience lack of diversified income sources, absence of on-farm technological innovations and rain-fed farming system thereby undermining progress towards sustainable food security. Regardless of these challenges, the resettlement program might also help them to graduate from their food insecurity situation. Nevertheless, none of all these conditions has been assessed by any researcher in the area so far. Thus, this study intended to address the resettlement program and its contribution to sustainable food security in selected resettlement and host *kebeles* in Dawuro Zone with use of the following basic research questions:

- a. *How do resettlers and host communities perceive the implementation of resettlement program and socio-economic relationship between them?*
- b. *How is the resettlement program contributing to*

- c. *the improvement of food security situation of households in the area?*
- d. *How is the environment managed to enhance the productivity of farmland in resettlement areas?*
- e. *What asset-building and coping strategies are being used by household heads to sustain food security in the study area?*

II. RESEARCH METHODOLOGY

This study utilizes case study to assess the achievements of resettlement program from the views of resettlers and the host community.

Sampling Technique

Stratified and simple random samplings among probability sampling techniques have been employed in this study to select representative household heads to survey. Though the households are homogeneous on the basis of their economic dimensions, this study considered the entire population as heterogeneous on the basis of their relocation. Thus, the stratified sampling technique has been used to stratify the population into two strata such as resettlers and host community. Then 13% of the representative sample household heads from each of two stratum; resettlers and host community have been selected by using

simple random sampling technique. The Essera Resettlement scheme consists of five resettlement sites (*kebeles*) such as Boyina, Manera, Yucha, Neda and Modi which are bounded by three *kebeles* of the host communities. From these resettlement sites, two resettlement *kebeles* such as Boyina and Manera and one host *kebele* known as Hageli 02 with their 13% respective household respondents were selected as a representative sample by using simple random sampling technique. Table 2.1, below, illustrates the total population of the study areas and the sample size selected from the entire population.

From the non-probability sampling technique, a purposive method was applied to select 8-10 members from each selected resettlement *kebele* and host community for focus group discussion. For key informants interviews, two food security coordinators; one from Dawuro Zone Agriculture and Rural Development Department (DZARDD), another from Essera Woreda Agriculture and Rural Development Office (EWARDO) who have direct responsibility over the program, were purposively selected to get the necessary information that can support the information obtained from household heads survey.

Table 2.1: Sample Frame and Size

Type of population	Kebele	Population size	Sample size
Resettlement kebeles	Boyina	203	27
	Manera	313	41
Host community	Hageli 02	587	76
Total		1103	144

Source: Essera Woreda Food Security Coordination Desk, 2010

Data Gathering Instruments

The primary data required for this study was gathered by employing methods such as survey, key informants interview, focus group discussion and personal observation. Secondary data about the program was retrieved from different official documents from DZARDD, EWARD0 and published and unpublished references to support the reliability of primary data.

Data Analysis

The quantitative data were analyzed using descriptive statistics by the help of Statistics Package for Social Science (SPSS). As a result, the percentage, frequency table, line and bar graph were generated to analyze and describe data. Besides, to examine the average difference in livestock production before and after resettlement, t-test from the parametric tests was used. The multiple regression models were also applied to

evaluate whether the farmland size, land fertility and means of production affect the level of agricultural outputs. Furthermore, Wilcoxon signed ranks test from non-parametric tests was employed to examine the average difference in annual crop production and income status of household heads before and after resettlement. In parametric and non-parametric tests, and multiple regression models, 5% significance level was considered while examining statistical results. The qualitative data from tape records and diary were coded by a categorical system and analyzed thematically.

III. LITERATURE REVIEW

Concepts on Resettlement

Resettlement has been defined by different scholars in different ways although the basic idea is the same. The National Resettlement Conference (1995), defined resettlement as a planned supported process of change in an

accommodation context. In addition, resettlement is defined as the process by which people are enabled to live as full a life as possible within an appropriate form of housing (Simon Community of Ireland, 1994). The United Nations High Commissioner for Refugees /UNCHR/ (2006) has also defined resettlement as the process which commences with the selection and transportation of people and continues through to their reception and integration in the host community due to various factors. Besides, resettlement has been defined as the phenomenon of population redistribution either in planned or spontaneous manner; relocating people in areas other than their own for the purpose of converting transient populations, nomadic pastoralists, transhumant or shifting cultivators to a new way of life based on sedentary forms of agricultural production (Dessalegn, 2003). These two definitions are adopted in this study in which the current government sponsored resettlement program designed to relocate chronically food insecure people, is discussed in detail.

Food insecurity

According to Devereux (2000), food insecurity incorporates low food intake, variable access to food, and vulnerability in which a livelihood strategy that generates adequate food in good times but is

not resilient against shocks. The same source also indicates that there are three forms of food insecurity which are endemic in Ethiopia; chronic, cyclical and transitory food insecurity. The main triggers of transitory food insecurity in Ethiopia are drought and war. Seasonality in crop production is a major cause of cyclical food insecurity. In addition, factors that contribute to chronic food insecurity include poverty (as both cause and consequence), the fragile natural resource base, weak institutions (notably markets and land tenure) and unhelpful or inconsistent government policies.

Food security

Food security exists when all people, at all times have physical and economic access to enough safe and nutritious food to meet their dietary needs and food preferences for an active and healthy lifestyle (World Food Summit, 1996).

Accordingly, for the households to be food secure the following conditions have to be fulfilled (FSCB, 2004; FAO, 2008).

Food availability/supply - Addresses the "supply side" of food security and is determined by the level of food production, stock levels and net trade.

Food access/ affordability - Refers to the ability for all

members of society to obtain sufficient food for healthy living.

Food utilization – Refers to the preparation of sufficient and varied food needed at the household level safely so that they can grow and develop normally, meet their energy needs and avoid diseases.

Declining vulnerability to shocks - Refers to asset protection through different off-farm activities such as petty trade, handicrafts, timely safety net program, and agricultural labour employment.

Sustainable Food Security

There is no precise, universally accepted definition of sustainable food security. According to Food and Agricultural Organization /FAO/ (1992), sustainable food security can be defined as the food security situation that requires secure ownership or access to food resources and income earning activities, including reserves and assets to offset risks, to ease shocks and meet all contingencies in consistent manner, or, an access by all people, at all times, to the food needed for a healthy life.

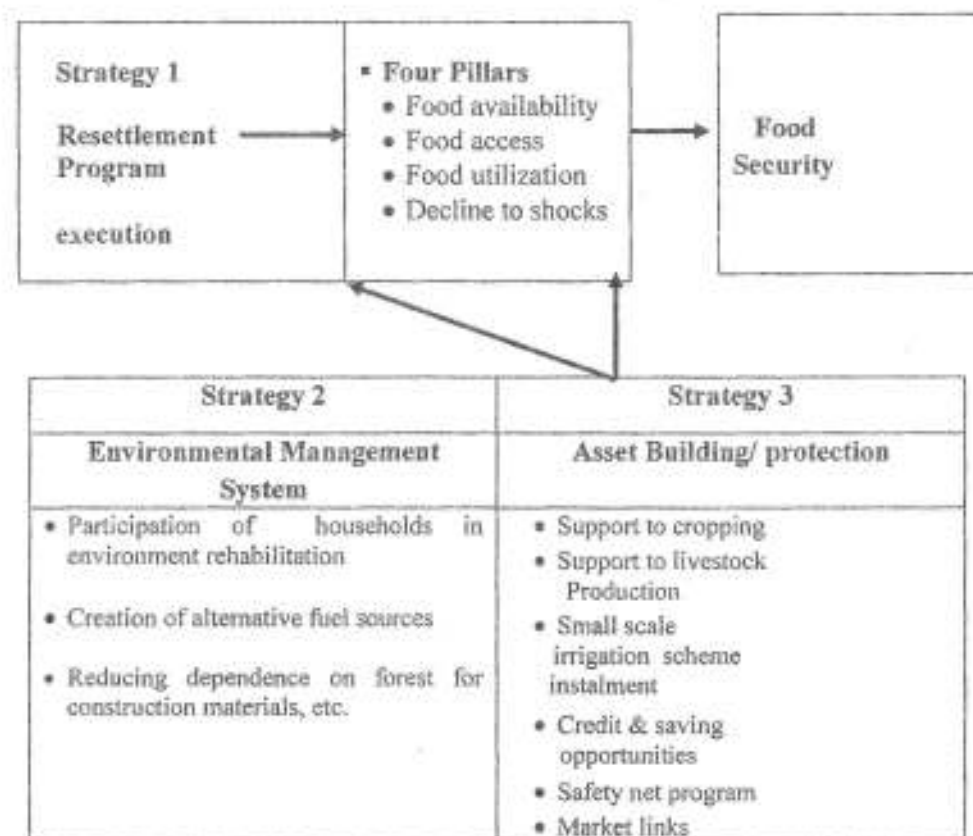
Harmon and Gerald (2007) defined sustainable food security as one that provides healthy food to meet current food needs while maintaining healthy ecosystems that can also provide food for generations to come with minimal

negative impact to the environment.

From the above two definitions, this study summarizes the operational definition of sustainable food security as the consistent availability, access, affordability and utilization of the food need to all people at any time while maintaining the ecosystem that can also provide the consistent food for the new coming generations. In this regard, this study argues that the resettlement program that entirely focuses on agriculture alone may not ensure sustainable food security unless it is integrated with other strategies like environmental management systems that ensure sustainable moderate ecology and asset building/protection strategies which will help people to cope with adverse circumstances that interrupt their attempt to sustain food security.

Figure 4.1, below shows the integration among the strategies for enhancing the four pillars that sustain food security.

Figure 3.1: The Conceptual Framework for Sustainable Food Security



Source: Adapted from Food Security Coordination Bureau (FSCB), 2004.

Ethiopian Experience in Planned Resettlement Program

Resettlement during Imperial Regime

Planned resettlement was started in Ethiopia for the first time during the imperial regime in 1958. During this period, the project involved a combination of spontaneous and planned settlement programs which accommodated 700 farmers from the populated upland areas of the country and were settled in western Ethiopia and the Rift

Valley areas (Dessalegn, 2003). At that time, state-sponsored-resettlement was largely undertaken to promote two objectives. The first of these was to rationalize land use on government "owned" land and thus raise state revenue. The second was to provide additional resources for the hard pressed northern peasantry by relocating them to the southern regions where most government land was located and which was mainly inhabited by "subordinate populations" Pankhurst (1992), cited in Asrat (2006). However,

the resettlement program of the imperial regime failed to meet its intended objectives because of the high costs of the program and the low viability of a number of schemes in the Rift Valley, Kaffa and Gamo Goffa (Dessaiegn, 2003).

Resettlement Program during Derge Regime

After the 1974 revolution, the military government of Ethiopia started to apply a policy of accelerating resettlement under the auspices of the Relief and Rehabilitation Commission (RRC) and the Ministry of Agriculture. Subsequently, the government announced its intention and resettled people from the drought-affected northern regions to the south and southwest of the country where arable land was plentiful (Library of Congress Country Studies, 2004).

However, according to Dessaiegn (2003), at the end of the Derg regime, the cost in human lives and resources was immense as reported below:

Some 33,000 settlers lost their lives due to disease, hunger, and exhaustion. In addition, an untold number of families were destroyed and for many years after, a number of NGOs were still engaged in attempting to reunite thousands of children who had been

separated from their parents at the time of resettlers' relocation.

The Current (Post 1991) Resettlement Program

The EPRDF government of Ethiopia also launched the resettlement program for the third time in 2003 to mitigate chronic food insecurity in the country. Accordingly, the government prepared the implementation manual to safeguard against program failure. This official resettlement program document states that the program is based on basic pillars and principles such as voluntarism, consultation with host communities, establishment of minimum infrastructure facilities and others to guide the implementation of a program that makes it unique when compared with resettlement program undertaken during Imperial and Derg regimes (The New Coalition for Food Security in Ethiopia, 2003). Table 4.1 indicates the regional resettlement program and its total cost estimated at the beginning of the program.

However, various researchers who conducted studies on various conditions of the current resettlement program argue that some of the pillars lack clarity and the implementation of the program was highly spontaneous when compared to the experience of other countries which are successful in implementing the resettlement programs.

Table 3.1: Resettlement and Its Cost in Ethiopia (2003-2006)

Region	Household heads	Family	Total	Total cost (in Br)
Tigray	40,000	160,000	200,000	192,389,000
Amhara	200,000	800,000	1,000,000	800,625,000
Oromiya	100,000	400,000	500,000	417,397,500
SNNPR	100,000	400,000	500,000	422,397,500
Contingency				34,720,000
Total	440,000	1,760,000	2,200,000	1,867,529,000

Source: The New Coalition for Food Security, 2003.

For instance, some argue that the pure voluntarism option principle of resettlement would be linked to involuntary resettlement because if some forces like poverty and absence of any choice in their life were not imposed on the people, they would not want to leave their place of birth and separate from kinship groups and relatives (Mellese, 2005; Gebre, 2005). This is naturally true because in the absence of push factors no one wants to be separated from his place of origin, families and kin groups where he/she lived to long period.

IV. RESULT AND DISCUSSION

Backgrounds of Respondents

Regarding the educational status of respondents, Table 5.1 depicts that 67 (46.5%) constituting almost half of the respondents are illiterate. None of the respondents

in both categories have exceeded Grade 12 in their educational status. This may indicate the absence of more qualified households' involvement in agricultural activities to easily adopt new systems of farming in order to increase productivity since those well educated will have better understanding to adopt new farming systems with which they can be easily familiarized. As it was reported during focus group discussions, those less educated mostly prepare to use the mechanisms of farming with which they were familiarized for the fear of difficulty to adopt the new systems. As a result, the productivity of such household heads might be limited unless they are able to use better ways of farming to increase their agricultural outputs from time to time, thereby enhancing their food security status.

Table 4.1: Educational Background and Family Size of Respondents

Attributes	Category	Resettlers		Host community		Total	
		Fr	%	Fr	%	Fr	%
Family size	1-4	10	14.7	35	46.1	45	31.3
	5-8	42	61.8	34	44.7	76	52.8
	9-12	15	22	6	7.9	21	14.5
	13-16	1	1.5	1	1.3	2	1.4
	Above 16	-	-	-	-	-	-
Total		68	100	76	100	108	100
Educational status	Illiterate	23	33.8	44	57.9	67	46.5
	1-4	9	13.2	16	21.1	25	17.4
	5-8	28	41.2	14	18.4	42	29.2
	9-10	8	11.8	1	1.3	9	6.3
	11-12	-	-	1	1.3	1	0.6
Above 12	-	-	-	-	-	-	
Total		68	100	76	100	108	100

Source: Own Household Survey, 2010.

As can be seen from the table above, the family sizes of respondents in the study area are generally large. Among respondents, 99 (68.8%) have five or more family members to which respondents in resettlement areas contribute relatively more than those in host community. According to Masfield (2001), it might be difficult for household heads with five or more family members to cover their family

consumption with the current two-hectare landholdings in study area in the absence of other off-farm activities from which they can generate additional income to fill the gaps.

Information Exchange and Participation of Respondents

The current voluntary government sponsored intra-regional resettlement program document

highlights the importance of information exchange with people in sending *woreda* and consultation with host community to enable participants to make their own choices regarding the

program. In this regard, Table 5.2, below, shows the extent to which information was shared with participants in the resettlement program in the study area.

Table 4.2: Respondents' Perception on Information Exchange

The information exchange about the resettlement program prior to its implementation.	Response	Types of Households					
		Resettlers		Host Community		Total	
		Fr.	%	Fr.	%	Fr.	%
Yes		67	98.5	69	90.8	136	94.4
No		1	1.5	7	9.2	8	5.6
Total		68	100	76	100	144	100

Source: Own Household Survey, 2010.

Almost all respondents from resettlement areas have been involved in information sharing about the program. However, 7 (9.2%) of the respondents in the host community responded that they have not been informed about the program being carried out in the area. This may indicate that information sharing on resettlement program with participants is significant though some respondents have missed it. This opposes the study undertaken by Gebre (2005) which reported that the information provision to resettlers and the host community

is not complete, nominal and minimal in some areas.

Regarding the conflict occurrence, Table 4.3, below, indicates that the majority or 138 (95.8%) of the total respondents have not faced any conflict after the resettlement program was implemented. Nevertheless only 6 (4.2%) have reported that they faced conflict because of using host communities' grazing land. In general, the study shows that conflict occurrence is very minimal among respondent household heads in the area.

Table 4.3: Response of Respondents on Conflict Occurrence

Conflict faced by households after resettlement program in the area.	Inter-zonal resettlers		Host community		Total	
	Fr.	%	Fr.	%	Fr.	%
Yes	1	1.5	5	6.6	6	4.2
No	67	98.5	71	93.4	138	95.8

Source: Own Household Survey, 2010.

The representatives of resettlers reported in focus group discussion that the current resettlement program is generally based on consensus of resettlers. On whether they moved to the new area voluntarily, 67 (98.5%) of respondents said that they moved

to new area voluntarily while only 1 (1.5%) of total respondents reported that the movement as involuntary. This shows that the movement of most resettlers to the new area is mainly voluntary.

Table 4.4: Respondents' Response on Nature of Resettlement Program; Their Interest to Stay and Convenience of New Area

Items		Resettlers	
		Fr.	%
Voluntarily movement to the new area.	Yes	67	98.5
	No	1	1.5
	Total	68	100
Interest of returning back to the origin.	Yes	5	7.4
	No	63	92.6
	Total	68	100
Convenience of new area for living compared to origin.	High	64	94.1
	Medium	-	-
	Lower	4	5.9
	Total	68	100

Source: Own Household Survey, 2010.

Table 4.4 also shows that majority or 63 (92.6%) of the respondents do not want to return to their original land. Only 5 (7.4%) want

to return because their cattle are dying of trypanosomiasis, a livestock disease and inability to

feed their families through crop production in the area.

This contradicts a statement by the Dawuro Zone Food Security Coordinator, who stated that all household heads in resettlement areas are food secure and have started to accumulate wealth in the area because of improvement in their farming productivity.

Concerning the convenience of new area compared to the area of origin, the majority of respondents reported that the new area is convenient for living. Only 4 (5.9%) indicated that the new area where they have been relocated is not convenient to them. Dissatisfaction with the new area is due to the absence of adequate social services like health facilities, safe potable water and markets.

Food Security Situation of Household Heads

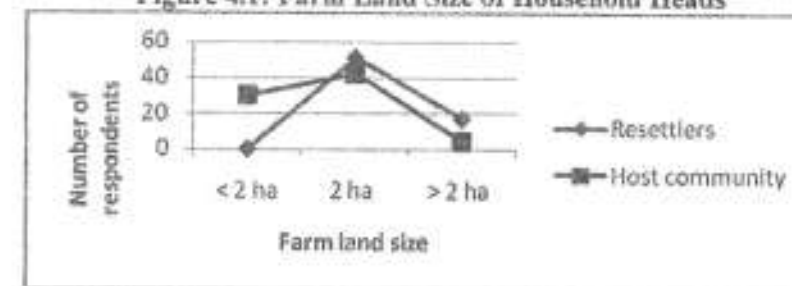
Food security is determined by (i) the food availability – revealed by annual food production and livestock production; (ii) food

access – determined by income status of households; (iii) food acquisition - measured by calorie intake per day; and (iv) coping mechanisms to reduce shocks. Thus, the following sections present the food security situation of households with use of annual crop production and livestock; annual income status of household heads; food acquisition and coping mechanisms. Besides, to assess the sustainability of the food security situation in the area, environmental management practices and asset building strategies used in the area are discussed.

Household Heads' Farmland Size

The output of agriculture that can cover the consumption of a family may be determined by farmland size and soil fertility, among others. The size of farm landholding affects the level of output that can sufficiently feed the entire family members of households (Masefield, 2001).

Figure 4.1: Farm Land Size of Household Heads



Source: Own Household Survey, 2010.

Figure 4.1, above shows that majority of respondents or 51 (75%) and 42 (55.3%) in resettlement and host community areas respectively have had two hectares² of farmland as stated in program implementation manual. Seventeen (25%) of the respondents have been given above two hectares of farmland while only 4 (5.3%) in host community areas have had above two hectares. On the other hand, 30 (39.5%) of the respondents in the host community areas have had less than two hectares of farmland. This may show that those in host community areas could face challenges to sustain their family consumption from own-farm production compared with others. According to Masfield (2001), household heads with more than five family members (and that tends to increase from time to time) may fail to sustain food security with two or less hectares of farmland. As shown in Table 5.5, below, the size of farmland is also statistically significant effect on the level of agricultural output at 5% significance level. Thus, it could be difficult to sustain food security with agricultural output of only two or less hectares of farmland size for households whose family size tends to increase.

² Hectare equals 10000m² of land

Crop Production before and after Resettlement Program

Figure 4.2 depicts that 69 (98.6%) and 42 (61.8%) of the total respondents in the host community and resettlement areas were producing respectively below 10 quintals³ before resettlement program. Only 1 (1.4%) and 26 (38.2%) of those in host community and resettlement areas were able to produce above 10 quintals respectively. This may show that only few respondents were able to produce above 10 quintals prior to the implementation of resettlement program in the area. The factors contributing to the low agricultural outputs in origin of resettlers are shortage and degradation of farm land, poor access to improved seeds and fertilizer, and drought. The reasons for the low production of the host community were reported as lack of fallow farming system, negative attitude to fertilizer use and improved seeds, etc.

³ Quintal is a local measurement equals to 100 kilogram.

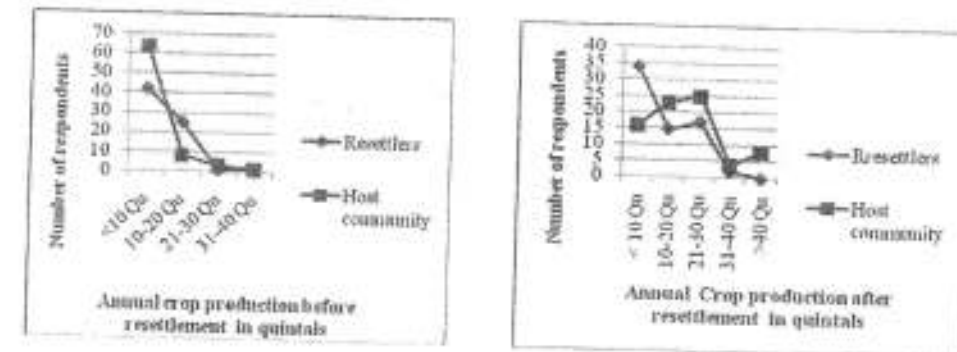
Table 4.5: Summary of multiple regression results

Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	11.118	4.997		2.225	.028
Farm land fertility (1= better, 0=	-7.533	1.642	-.420	-4.588	.000
Means of production (1= Oxen, 0=	6.550	4.921	.104	1.331	.185
Farm land size dummy1 (1= above 2	5.573	2.740	.219	2.034	.044
Farm land size dummy 2 (1= 2	5.856	1.978	.313	2.950	.004

a. Dependent Variable: Amount of crop production

Source: Own Household Survey, 2010.

Figure 4.2: The Amount of Annual Crop Production before and after Resettlement Program



Source: Own Household Survey, 2010.

As it is also possible to see from Figure 4.2, above, after the implementation of the resettlement program, 60 (78.9%) and 34 (50%) of the respondents in the host community and resettlers were able to produce respectively above 10 quintals annually. This reveals that the program is helping household heads to ensure food availability which is one of the core pillars of food security.

Table 4.6 depicts that the variation of average crop production after the resettlement program is also statistically significant at 5% significance level compared with the previous situation. Thus, it is possible to say that the availability of food crops, cash crops, fruits and vegetables relatively improved for household heads after the resettlement program was implemented.

Table 4.6: Non-parametric (Wilcoxon) Test Statistics on Average Difference of Annual Crop Production before and after Resettlement Program

Z	-7.104 ^a
Asymp. Sig. (2-tailed)	.000

a. Based on negative ranks.

b. Wilcoxon Signed Ranks Test

Source: Own Household Survey, 2010.

Livestock Production and Bee-keeping

Livestock production is another factor that determines the availability of food to household heads. The production of livestock (cows, oxen, sheep, goats and poultry in standard of Tropical Livestock Unit/TLU/ to household heads has shown appealing increment after resettlement program in the study area. The non-parametric test result on the average difference in livestock production for all livestock, except bee-keeping has shown statistically significant increment at 5% significance level to all respondents in study area (Table 5.7). This ensures the appealing state of food availability to household heads from livestock.

Annual Income Status of Household Heads before and after Resettlement Program

Income is a main variable to examine the ability of household heads to food access - one of the pillars of food security. In this regard, the annual income level to majority respondents is below

1000 Birr prior to the implementation of resettlement program in the area. Only 47 (22%) of the total respondents were able to generate above 1000 Birr, annually before the implementation of resettlement program (Figure 5.3). This clearly shows that the annual income status of respondents was very low before the resettlement program in the area.

The main factor that contributed to the low income status of the host community before the resettlement program is the attitude of households toward crop and livestock production, i.e., selling their crops and livestock at low prices due to lack of market access.

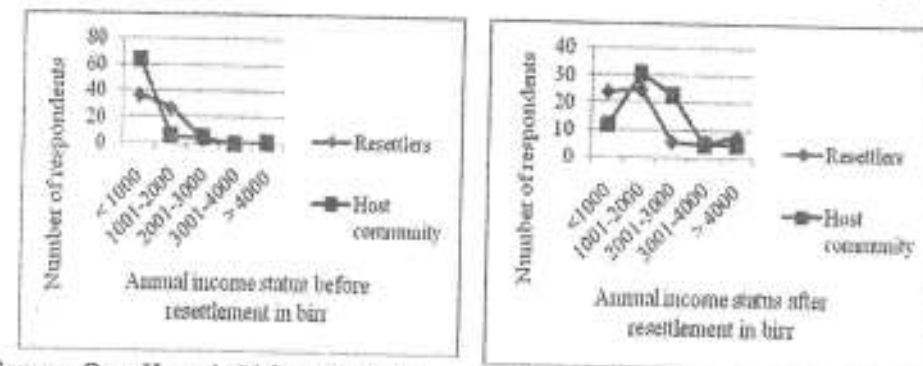
As it can be seen from Figure 5.3, above, the majority of the respondents or 175 (81.8%) were able to progress above the 1000 Birr level of annual income after the resettlement program. Those in the host community areas dramatically escaped from the annual income level of below 1000 Birr compared with resettlers.

Table 4.7: T-test on Average Difference of Livestock before and after Resettlement

		Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	number of cows before resettlement - number of cows after resettlement	2.403	6.584	.549	-3.487	-1.318	-4.379	143	.000
Pair 2	number of oxen before resettlement - number of oxen after resettlement	1.287	1.934	.162	-1.606	-.967	-7.955	142	.000
Pair 3	number of sheep before resettlement - number of sheep after resettlement	1.250	3.236	.270	-1.783	-.717	-4.636	143	.000
Pair 4	number of goat before resettlement - number of goat after resettlement	-.944	2.098	.175	-1.290	-.599	-5.401	143	.000
Pair 5	number of poultry before resettlement - number of poultry after resettlement	1.319	3.553	.296	-1.905	-.734	-4.456	143	.000
Pair 6	number of beehive before resettlement - number of beehive after resettlement	-.660	5.364	.447	-1.543	.224	-1.476	143	.142

Source: Own Household Survey, 2010.

Figure 4.3: Household Heads' Annual Income before and after Resettlement Program



Source: Own Household Survey, 2010.

Only 39 (18.2%) of the respondents indicated that their annual income is below 1000 Birr. The reasons for the low income status of respondents in resettlement areas are the lateness in their relocation and the demolition of their crop production by wild animals and pests. In general, the study reveals that the annual income level of most respondents in resettlement and host community areas has

Table 4.8: Non-parametric test (Wilcoxon) Test Statistics on Average Difference on Annual Income of Household Heads before and after

Z	-7.281 ^a
Asymp. Sig. (2-tailed)	.000

a. Based on negative ranks.

b. Wilcoxon Signed Ranks Test

Source: Own Household Survey, 2010.

As a result, household heads might have better access to food since the improvement in access to food is associated with improvement in income level of households (FAO, 2008). However, the sustainable increment in households' income level is suspicious because of its reliance mainly on farming activities which are highly vulnerable to different forms of shocks.

Food Acquisition by Household Heads

Food utilization is another pillar to examine the food security situation of households. It is evaluated on the basis of an average calorie intake per day.

risen after the resettlement program compared to the period prior to the resettlement program implementation. The statistical test at 5% significance level as indicated in Table 5.8, below, also shows that the variation in average annual income of households after resettlement program compared with the previous situation is statistically significant.

Though calorie intake per day differs from person to person depending up on several factors like age, body composition and level of physical activity on daily basis, according to FAO (2008), the general recommendation for men is about 2700 calories per day and women require 2000 calories per day. The sample household heads in the area do not have adequate knowledge to give information about their calorie intake per day. Thus, the researcher attempted to assess the average calorie intake per day by converting different food items consumed in gram per day by households during last harvesting season in to calorie with use of standardized conversion factor stated by FAO. In this regard,

Table 4.9 shows that the calories intake per day by household heads after the execution of resettlement program is increased compared with prior situation. This level calories intake per day relatively coincides to the average level

recommended by FAO. From this fact, it is possible to say that the resettlement program has contributed to improvement in calories intake per day which is a clear measurement of food acquisition by household heads.

Table 4.9: Daily calorie intake of respondent household heads

Food items	Daily calorie intake	
	Before resettlement	After resettlement
Maize	436.2	756.2
Teff	196.2	239.7
Sorghum	256.4	194.5
Enset/kocho	171.0	208.2
Vegetables & fruits	274.0	545.2
Green paper	32.9	26.3
Root food items	234.5	465.8
Coffee	1.0	1.0
Sugar & salts	51.5	15.3
Oil/fats	32.9	123.3
Animal products	108.5	82.2
Beans/barely	274.0	-
Total	2069.1	2657.7

Source: Own Household Survey, 2010.

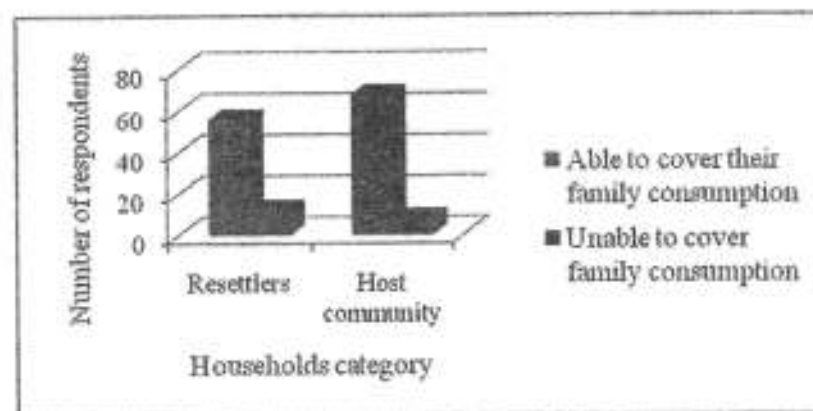
Note: Conversion factor: 1 calorie = 1 gram of protein food items/day * 4, 1 calorie = 1 gram of carbohydrate food items/day * 4, 1 calorie = 1 gram of oil/fats/day * 9, 1 calorie = 1 gram of vitamin & mineral food items/day * 4

Food Security Status of Sample Household Heads during Last Harvesting Season

The destruction of farm production of the heads of households by wild animals, pests and excessive rainfall or shortage of rainfall might expose them to a food deficit in the area. In this regard, enquiry was undertaken as

to determine whether farm production was enough or not for family consumption in last harvesting year. Accordingly, the heads of household respondents were asked to evaluate how their families sustain their life from own-farm production. The result of this situation is indicated below in Figure 4.4.

Figure 4.4: The Situation of Household Heads' Family Consumption Through Own- Farm Production



Source: Own Household Survey, 2010.

Majority of the respondents or 68 (89.5%), 60 (85.7%) and 56 (82.4%) in the host community and resettlement areas were able to sufficiently feed their families from their own-farm production respectively in the area. However, 12 (17.6%) sample household heads in resettlement areas and 8 (10.5%) in host community areas stated shortfalls in the satisfaction of their consumption requirements from own-farm production. Those who were not able to sustain their families from their crop production are higher in resettlement areas compared with others in host community areas because of lateness in relocation. The general reasons for all categories of respondents who are not able to meet the consumption requirement of their families are reported as the destruction of their crops by wild animals and pests.

The Coping Mechanisms used to Reduce Shocks

There are different types of livelihood strategies which can be used in normal circumstances and during severe conditions by households to cope. They can also help households to survive extremely difficult circumstances (Yared, 2001). In this regard, the following table illustrates the practice of household heads in the study area in using different coping strategies which play a significant role to handle difficult circumstances.

Table 4.10 reveals that all household heads that were unable to meet the consumption need of their families used the strategy of acquiring grain and fruit from the market in study area. This may indicate that many household heads in these areas are using a strategy that is highly dependent on their income level. In addition, most of them were involved in

petty trade to handle the adverse situation. Eight (40%) of the food deficient respondents stated that they sell their livestock to fill the gap of food deficit in the area. Some of those in the host community area indicated that they are involved in daily labour work and handicrafts, e.g. pottery, to bridge shortfalls in their crop production.

In general, the study reveals that the coping strategies being used by respondents are not diverse enough to help them successfully cope with adverse circumstances such as deficit in food crops and income.

In general, the study reveals that the coping strategies being used by respondents are not diverse enough to help them successfully cope with adverse circumstances such as deficit in food crops and income.

Environmental Management and Rehabilitation

Concerning the sources of fuel, all respondents in all areas are entirely using forest wood as the source of fuel in their home (table 5.11). The study shows that those in resettlement areas do not have experiences of using other alternatives such as crop residue and animal dung except few household heads in host community areas who use crop residue and kerosene to some extent. This study also shows that only host community is relatively using trees planted by them for their shelter and other constructions which will reduce their reliance on forest compared with those in resettlement areas. In general, the study shows that the attention given to the management of forest depletion is low in the area while implementing the program.

Table 4.10: The Coping strategies being used by food deficient household heads during last harvesting season (allowing multiple responses)

Coping Strategies	Host		Total			
	Fr	%	Fr	%		
Livestock sale	5	41.7	3	37.5	8	40
Labour work	-	-	5	62.5	5	25
Petty trade ⁴	11	91.7	5	62.5	16	80
Acquire grain and fruits from	12	100	8	100	20	100
Requesting grain loan from	-	-	4	50	4	20
Remittance from relatives	-	-	-	-	-	-
Handicrafts ⁵	-	-	5	-	5	-
Total	12	-	8	-	20	-

Source: Own Household Survey, 2010.

⁴ Petty trade includes condiments retailing, bee honey sale, etc

⁵ Handicrafts include blacksmithing and pottery

The resettlement document of the current government states that due attention would be given to the natural resource management during implementation of the resettlement program, but the care given to the management of natural resources in the study area is poor. This concurs with the study by Assefa (2005) in different resettlement sites in Ethiopia, which reported that forest and wildlife resources were not protected as set out in the resettlement program manual.

In addition, the current practices contradict the national environmental policy, designed with the following goals:

To improve and enhance the health and quality of life of all Ethiopians and to promote sustainable social and economic development through the sound management and use of natural, human-made and cultural resources and the environment as a whole so as to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (Environmental Protection Authority/EPA/ and Ministry of Economic Development and Coordination/MOEDC/, 1997).

Table 4.11: Household Heads' Reaction to Their Dependence on Forest

Items	Resettlers		Host		Total	
	Fr	%	Fr	%	Fr	%
Source of fuel for household heads at home.						
Forest wood	68	100	37	48.7	105	81.8
Animal dung	-	-	-	-	-	-
Crop residual	-	-	1	1.3	1	0.5
Forest wood&	-	-	38	50	38	17.7
Total	68	100	76	100	144	100
Source of construction materials.						
Forest	68	100	47	61.8	115	86.5
Trees planted on own	-	-	14	18.4	14	6.5
Forest & trees from own	-	-	10	13.2	10	4.7
Others ⁶	-	-	5	6.6	5	2.3
Total	68	100	76	100	144	100

Source: Own Household Survey, 2010.

⁶ Others include buying trees for construction of shelter from other individuals in the area

Consequently, given the reliance of household heads on forests and management practices continue in this way, it might be possible that the environment will gradually degrade and affect the fertility of lands and agricultural productivity of household heads which can expose them to chronic food security their origin.

Asset Building Strategies to Enhance Food Security

The government assists resettlers only until their first year harvest and withdraws its support on the assumption that they can stand on their own feet and survive after their first year harvest (New Coalition for Food security in Ethiopia, 2003). However, it might be inappropriate to assume that household heads can achieve food security through agricultural activities immediately after their relocation. Shortage of rain in lowland areas, insufficient distribution of fertilizers and improved seeds, slow adaptation of resettlers to new environments, and shortage of income might compound the problem.

Thus, the introduction of other food security strategies different from the direct support of the government is necessary to support the sustainability of the resettlement program towards food security. These strategies will help household heads to build their assets; undertake their regular agricultural production in

a sustainable manner without interruption due to drought; and enhance diversity of agricultural activities and income sources. In this regard, the participants of focus group discussion stated that the installation of irrigation systems, water harvesting systems, market access, food-for-work programs that can help households generate additional income, and local saving institutions do not entirely exist in study area. From this report, one may argue that the agricultural production of households relies entirely on rainfall that fluctuates frequently thereby forcing them to produce crops only seasonally during normal rainfall conditions, leading to food crop deficits during drought periods. As a result, they may be exposed to transitory food insecurity.

The Productive Safety Net Program (PSNP) is considered as an independent program benefiting people who are out of the resettlement area. However, it is possible to bring this program to the resettlement area as well since the government has stopped its direct assistance to resettlers. It can be one of the livelihood strategies which can help households to diversify the sources of their income and protect their asset base.

The respondents from resettlement areas have also reported that they do not have even small village market places

in their respective *kebeles* in which they can sell even small items. They also reported that the other social services such as health, education, road, and safe drinking water are still poor and have not yet been improved.

V. CONCLUSION

The resettlement program is a development project that the Ethiopian government launched to overcome the problem of chronic food insecurity in the country. The program has been implemented in Essera *woreda* of Dawuro Zone in SNNPR. The study shows that the resettlement program has been implemented on a voluntary basis after consultation has been carried out with resettlers and the host community. This might be the reason for low social conflict occurrence between resettlers and the host community in the area.

It was also found that after the resettlement program had been executed; calorie intake per day, crop production, livestock rearing, bee-keeping, annual income status, access and acquisition have improved for household heads in resettlement and host community areas. However, the crop production which is the dominant income source for household heads entirely relies on rainfall.

In general, after the execution of the resettlement program, the food security situation of household

heads has improved. However, its integration with other asset building strategies such as off-farm activities, market links, and credit services is poor and minimal. Besides, the implementation of the resettlement program in the area was extremely rushed which led to resettlement of families without the prior fulfilment of promised infrastructure and social services. Little attention has been given to the protection of natural resources like forests. As a result, the current improvement in food security may not necessarily guarantee its sustainability.

VI. RECOMMENDATIONS

For enhancing the mitigation of problems identified in this study, the following points are forwarded as strategies to be employed:

- Prior to the actual relocation of people, the federal, regional and local government bodies should attempt to establish the minimum standards of basic infrastructure and social services indicated in the program document in advance.
- It is very important to encourage resettlers to diversify their crop production, vegetation, and fruit plantation. In addition, the area of all types of resettlers is suitable for *enset*

- plantation that has high resistance to drought and can help households to cope with the adverse deficit in crop production. Therefore, resettlers should be significantly advised by local government bodies to plant *enset* intensively in their garden.
- All stakeholders should attempt to establish small scale irrigation schemes and develop water resources such as water harvesting systems in the area.
- The local government bodies should periodically train and advise male and female households to be involved in different off-farm activities that can diversify their income generation sources. In addition, the micro finance institutions should give attention to the resettlement areas and expand the credit and saving services to household heads.
- It is also very important to introduce Productive Safety Net Program in resettlement areas after the assistance of government has been stopped to encourage the labour available to engage in such activities to generate additional income and also to directly help vulnerable segments of household heads in a timely manner.
- It is very important to train household heads in resettlement areas and host community to plant new trees around their farm lands. That can be useful for construction as well as for fuel. Households must be encouraged to use crop residues and animal dung to reduce their reliance on forest resources. In addition, they should be trained by agricultural professionals to plant trees used for animal forage thereby reducing the dependence on natural grazing only.

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