Review on Challenges and Opportunities of Inclusive Development in Ethiopia

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Abstract: To promote inclusive development; the government has to facilitate economic growth with and through structural transformation, increasing productive employment, providing social protection for all, providing basic services, promoting territorial development and spatial equality and improving the quality of governance. Some of the underlying causes of living at the margins of basic needs are household-specific, while others are external. Household specific problems include the lack of, or inadequacy of physical inputs (capital, labour, land), human capital (skills, innovation and the ability to cope) and health. Economic marginalization also poses a major constraint for the rural communities in Africa. The objective of this review mainly focuses in assess factors affecting marginalized rural farmer’s in inclusive development from all aspects of development issues and what is the opportunities to include them to development issues in Ethiopia.

Key words: Ethiopia • Inclusive Development • Marginalized

INTRODUCTION

Background: While most African countries have registered high growth in the last decade, a large number of people remain excluded from the benefits of this progress [1].

According to Reinders et al. [1] inclusive development requires policies for economic transformation, productive employment and social protection to ensure that vulnerable and poor groups, especially young people and women, benefit from growth. However, such inclusive policies can only be realized if they are supported by coalitions of strategic actors across state and society that can overcome resistance to change among the ruling political and commercial elite.

Inclusive development implies more than just poverty eradication. It also encompasses reducing economic, social and political inequality. While inclusive growth refers to economic growth that is accompanied by low-income inequality; inclusive development also takes into account dimensions of wellbeing beyond income, like education and health.

The essence of inclusive development is that it implies fighting inequality, not just poverty. Inclusive development embraces both the income-related and social and political inequalities that determine people’s opportunities and wellbeing. Above all, inclusive development may also imply challenging existing power structures [2].

Policies, institutions and investments that take advantage of new opportunities and technologies, increase access to basic services, create more and better rural jobs, foster gender equality, promote good governance and restore the environment can make rural areas vibrant and healthy places to live and work. Ethiopia in particular and provide evidence on ongoing changes to further inform the discussion on rural transformation and on ways to make it more inclusive.

According to African Development Bank [3] promote inclusive development the government has to facilitate economic growth with and through structural transformation, increasing productive employment, providing social protection for all, providing basic services, promoting territorial development and spatial equality and improving the quality of governance. It is stressed that these pillars should not be promoted in isolation, as inclusive development can only be realized if all pillars stand together to form a solid foundation.

Statement of the Problem: Inclusive development stems from weak or even restrictive governance structures, such as lack of accountability, weak enforcement of
labour policies and regulations and lack of alignment of interests of the various government departments. Electoral and party politics may also affect an actor’s ability to bring about change. Other challenges are at the micro-level and include financial, the management, or cultural constraints.

Some of the underlying causes of living at the margins of basic needs are household-specific, while others are external. Household specific problems include the lack of, or inadequacy of physical inputs (capital, labour, land, ), human capital (skills, innovation and the ability to cope) and health. External causes include environmental and geographical settings and the interrelationships among different social groups, which are characterized by natural, inherited or acquired attributes such as religion, ethnicity, gender, or occupation [4].

According to the national human development report of Ethiopia 2014 gender inequality is one of the main manifestations of inequality and is played out along political, social and cultural dimensions. Addressing gender inequality is thus closely linked to poverty and other development challenges.

Governments are not always primarily concerned with promoting inclusive development. Trade interests and local economic needs do not always convene, with the former often prevailing over the latter [5].

Lack of financial resources also limits the ability of young entrepreneurs to start a business or farmers to invest in technologies that improve agricultural productivity. Economic marginalization also poses a major constraint for the rural communities in Africa [6]. An important reason for their economic exclusion is the lack of access to fertile land, which is a major problem in densely-populated countries of Africa where land is in short supply.

Inequality is on the rise and the detrimental effect this has on economic growth and social and political stability are increasingly being recognized. To avoid such effects inclusive development has become a must [7].

**General Objective:**

- To review challenges and opportunities of inclusive development in Ethiopia.

**Specific Objectives:**

- To assess factors affecting marginalized rural farmers in inclusive development.
- To assess opportunities for inclusive development.
also reiterated in the law. Women are responsible for all the household chores in addition to the support they provide in agriculture and livestock production, they are shouldering the full responsibility of cooking, fuelwood collection (for both household consumption and income generation), collecting water and child care [10].

**Mobility and Migration:** Over the last 50 years, Ethiopia had substantial migration flows, induced by different incidents and following certain migration patterns. Main migration patterns include:

- A seasonal migration, mostly by single men, often coinciding with the agricultural slack season,
- Permanent migration to cities, often due to shortage of land and employment opportunities in rural areas with destinations including large cities but more importantly medium-sized and small towns
- Due to marriage or other family-linked causes, often from rural areas,
- Multi-local livelihoods when people pursue diversified livelihood strategies at different places.

According to Ephrem Zerga [11] revealed that availability of jobs, educational opportunities, the success of friends and relatives, friend and peer assistance as the 'pull factors' facilitate out-migration. Poor educational availability in rural areas has stimulated out-migration by providing awareness about other opportunities to rural youths, especially those of the middle and upper classes migrate to advance their education while others migrate for the reason they dissatisfied with the prospect of rural life [11].

Rural-urban migration is an issue also within the Amhara Region where small and medium towns are growing at a faster rate than the large cities like Addis Ababa. The main rural-urban migration patterns include a seasonal migration, often during agricultural slack periods and permanent migration due to land shortages and lacking employment opportunities in rural areas (mostly males) or marriage (mostly females). In the Amhara Region, several studies [12] have identified the inability to grow enough food or other produce as a major reason for migration from rural areas to cities. However, job creation is not keeping pace with population growth and the number of rural-urban migrants, respectively.

Job opportunities in urban centres are very limited. With a stagnating manufacturing sector and despite an increasing services sector the urban job potentials are far too small to absorb the increasing numbers of young rural job seekers. Moreover, many of these jobs are in the informal market and have low productivity and limited income-generating effects.

**Disability or Marginalized Exclusiveness:** In Ethiopia, many citizens live under harsh environmental conditions and in geographically peripheral areas that are less developed than the rest of the country. Women, children, orphans, the elderly and the disabled are expected to be relatively vulnerable segments of the society in terms of having limited access to resources and social services. Several policy measures and programs were specifically designed to address the problems facing these marginalized sections of society [4].

The people most likely to be excluded are marginalized groups that are overlooked in the planning and programming of services. Marginalized groups are people who, in the opinion of others, are considered to be insignificant or not important and as a result are confined to the outer limits, or margins, of society [13].

**Attitudes of the People:** One of the reasons for exclusion is associated with social traditions and the cultural beliefs of the wider community. Some of these attitudes are gradually improving but this is an underlying cause of exclusion of several groups and can be challenging to try to change.

Some people believe that a person with a disability is a reward for a family that broke the law of God or man, or that they are possessed by an evil spirit. They keep their children away, thinking that the evil spirit could affect them. If someone has a disability, they may be hidden away by their own family in a secret place and kept out of sight for fear of social stigma and prejudice. As a result, persons with disabilities are marginalized, isolated and prevented from joining in with family and community level engagements and social gatherings.

Attitudes to the role of women in society may make it more difficult for them to speak up and express their opinions about the design or implementation of WASH services, so they are not included in decisions that deeply affect them [13].

People living with HIV/AIDS often suffer from prejudice and stigma for two basic reasons, one is the incorrect assumption that they are engaged in activities not appreciated by the wider community (e.g. people assume they are sex workers); secondly, people are afraid of the disease and ignorant of how it is transmitted from one person to another. Similar prejudice and exclusion also affect people suffering from other diseases, such as
leprosy and some skin conditions.

**Constraints on Strategic Actors:** Strategic action for inclusive development also requires an assessment of the constraints actors face in the formulation and implementation of inclusive development policies.

**National Versus Local Interests:** Governments are not always primarily concerned with promoting inclusive development. Trade interests and local economic needs do not always convene, with the former often prevailing over the latter. Kenya as an example; this APD states that agriculture is not sufficiently prioritized, thereby preventing structural job creation. Although agriculture employs a substantial proportion of the Kenyan population, the share of the national budget allocated to agriculture remained below the pronouncement of at least 10% of the national budget by 2008, as agreed by African leaders under the Maputo Declaration.

**Weak Institutions and Poor Governance:** Different actors play in achieving inclusive development (and their interest in doing so), is affected by the political-institutional context. Not all institutional contexts enable inclusive processes and outcomes. Yet, as sex work is criminalized in Ethiopia, state officials and justice system agents in Kenya and Ethiopia do not themselves have the power to change the situation of sex workers [14]. Rather, this power resides in politicians, who can change the law. This situation leads to inconsistencies in policy intentions and day-to-day practices.

**Lagging Mobilization of Resources:** Inclusive development is dependent on many factors that are beyond the control of national governments such as international capital flight, global trade and regional and local implementation of policies. During INCLUDE’s roundtable discussion on strategic actors for productive employment creation held in Arusha in December 2017, the issue of illicit financial flows was raised, as these outward flows hinder substantial investment in employment creation in African countries.

The outward flow of capital from Africa has been estimated at USD 50 billion annually; and this number might well be below the real figure due to the difficulty of obtaining reliable statistics [15]. This hurts Africa’s inclusive development, as money that leaves a country can not be invested in that country. Moreover, the fact that governments in Sub-Saharan Africa are already faced with limited financial resources incentivizes them to focus on short-term financial gains rather than long-term structural transformation. It is for that reason that the African Union has dedicated the year 2018 to combating corruption and illicit international financial flows which, according to the African Union, result in “distortions in the allocation of budgetary resources and systematically increasing inequalities” [15].

**Knowledge and Skills Gaps:** Lack of knowledge and skills is a major constraint on the power of actors to steer transformation processes. This applies to actors that potentially have the power to effect change, like state authorities or NGO representatives, which may, for example, lack knowledge of the needs of informal workers or another marginalized group [16].

**Party Politics Versus Local Needs:** A competitive multi-party system is largely portrayed as beneficial for inclusive development. Accordingly, political elites are responsive to the needs of marginalized people and implement pro-poor policies when they need the votes of these people to exercise power [16].

**Trust:** Trust is an important constraining factor on the implementation of inclusive development policies is a lack (or breakdown) of trust between various actors. For example, there is often mistrust between marginalized groups and state authorities [17].

**Opportunities for Inclusive Development on Rural Farmers**

**Economic Growth:** Economic growth combined with structural transformation is key to achieve more inclusive development. The diversification of economies and increased production is essential to improving the capacity for sustained growth and the opportunity for African countries to offer social and economic opportunities to its (young) people. To enhance growth and make it inclusive, economic inclusion in the (formal) economy is important [18]. To date, growth in Sub-Saharan Africa has not provided sufficient productive employment.

The African economic outlook 2018 states that between 2000 and 2008, employment grew at an annual rate of 2.8%, around half the rate of economic growth. Between 2009 and 2014, while economic growth slowed down, employment growth grew to 3.1% (3), remaining 1.4 percentage points below average growth figures. Without employment, opportunities for income generation
are limited and economic development benefits are not shared equally. This increases the incidence of Inclusive development poverty and income inequality. Low job growth is mainly attributed to the extractive nature of economies, low productivity in agriculture and service sectors and slow growth in the industry.

Productive Employment: a job is considered ‘productive’ if it provides 1) fair remuneration, 2) stability of remuneration and 3) decent working conditions [16]. However, considering a large number of underemployed youth in Africa, it remains a challenge for policymakers to decide whether the priority should be to create as many jobs as possible or to focus on quality and sustainable jobs.

As argued in the United Nations Economic Commission for Africa report, Achieving sustainable development in Africa through green growth, growth is only economic growth minus the damage done by development outputs; thus, unsustainable development patterns hamper growth.

Social Protection: Lack of access to social protection is mentioned as a key factor in the disappointing progress made in the reduction of poverty and inequality in Africa. Social protection has gained popularity as a policy tool for inclusive development and different types and combinations of social protection measures are seen as valuable from both a rights-based perspective and as a ‘business case’ to promote economic growth; hence, it is seen as a ‘win-win’ tool for inclusive development [3]. In its review of the contribution of social protection to inclusive growth, INCLUDE stresses that social protection not only prevents people from falling into poverty (safety net), but importantly it also contributes to economic growth, both directly (i.e. through impacts on savings, productive assets and labour) and indirectly (i.e. through improved employability through education, health and psychological wellbeing and multiplier effects in local economies) [16]. Yet, if and to what extent, social protection contributes to inclusive growth and inequality depends on various contextual factors. Factors internal to social protection programs include correct targeting and the size, duration, predictability and regularity of interventions, as well as good coordination. Factors external to the Programme include the quality of infrastructure and basic services, access to markets and the quality of institutions, among other things.

Provision of Basic Services: The provision of basic services (education, health, finance and infrastructure) is important for people to build human capital, engage in productive activities or mitigate risks [18]. Education is a key area in which the provision of services can yield cross-sectorial effects on inclusion and growth. However, to achieve this it is important to move beyond a focus on primary and even secondary, education and include on-the-job training.

Discussions among different policy stakeholders at the INCLUDE conference on 21 November 2018 revealed that to improve entrepreneurship outcomes, education must be tailored to the status of the knowledge, needs and goals of the entrepreneurs targeted [16]. For example, if educational programs are to contribute to job creation for rural women as well as rural men, a lifecycle approach to learning is needed, as rural women often lack formal schooling. To transform the education system to meet the current and future demands and needs of the labour market, it is essential to include private sector actors and underemployed people in the process.

Health is important to specifically target poor women, as providing free health services in it do not guarantee access by all women. Equity remains an issue in the service provider domain. In the report Poverty and shared prosperity: taking on inequality, the World Bank states that in 21 of 27 low- or middle-income countries, pre-school enrolment rates among the poorest quintile are less than a third that of the richest quintile [3]. Besides, poor children have less access to adequate nutrition, health care services, basic water and sanitation infrastructure and childcare.

Quality of Governance: Quality of governance, specifically inclusive governance systems for women, people living in poverty, minorities and other marginalized groups, as an important determinant of inclusive development. A crucial component of this is the rule of law and the level of protection of people’s physical security and property, labour and business rights. When countries lack such functional institutions, it often results in political institutions with a lack of transparency, accountability and respect for the rule of law. This situation especially affects women, the ultra-poor and minorities and perpetuates national and local political institutions that are not transparent or accountable to their citizens. For inclusive development to be achieved, such governance landscapes need to be structurally transformed [19].

According to National Planning Commission report May 2016; Strengthening women and youth associations and organizations, increasing their participation and equity in the development and good governance
processes, as well as ensuring coordination among these women and youth associations and other actors in the development and political processes of the country. Based on this, the mainstreaming of women and youth agendas in all sectors was to be closely monitored with consequent accountability. Accordingly, during the last five years, women and youth organizations at all levels have witnessed growth in terms of expanded membership, strengthened organizational capacity and leadership.

The significance of the participation of women groups in promoting maternal and child health, enhancing the quality and equity of primary health care delivery, as well as strengthening accountability in the health sector is now a widely documented experience throughout the country. There are also extensive good practices concerning the active participation of women and youth organizations in urban areas in job creation, business promotion and other urban programs.

**NGOs and Inclusive Development:** Agriculture and rural development is the oldest, yet still the most important area of NGO participation [20]. The main focus of NGOs is on supporting and promoting inclusive processes in development planning, implementation and monitoring.

Study verified by Dessalegn Rahmato *et al.* [20] that the size of resource invested by NGOs for agriculture and rural development is highly significant by all accounts. According to the EC NSA mapping report (discussed in earlier sections), during the period 2004 – 2008 NGOs have invested about 10 Billion Birr (or about 1 billion USD) for their various development projects and programs in regions. Of this amount, about 3.8 billion (40%) was allotted to programs identified as integrated rural development, food security; water supply and sanitation; environment and natural resources management; the promotion of specific husbandries and other nonagricultural rural-based livelihoods.

**Productive Safety Net Program (PSNP):** Ethiopia’s Productive Safety Net Program (PSNP) is a large national social safety net program that responds not only to chronic food insecurity among Ethiopia's poor but also to short-term shocks, mainly droughts. Provision of social protection practices in Ethiopia has constitutional support where article 41 (5-7) of the Federal Democratic Republic of Ethiopia (FDRE)'s constitution becomes the basis for social security policy formulations and program interventions.

It is the largest social protection scheme on the continent outside of South Africa. It commenced in 2005 in the highland of Ethiopia and 2009 in low lands (pastoral areas) of the country which makes Ethiopia the first country in Sub-Saharan Africa to extend a social protection instrument- the PSNP [19].

The program target group consists of people facing predictable food insecurity as a result of poverty rather than temporary shocks[21].

**PSNP Has Four Major Goals and These Are:**

- Support the rural transformation process;
- Prevent long-term consequences of short-term food inaccessibility;
- Encourage households to engage in production and investment; and
- Promote market development by increasing household purchasing power.

The program also has two components which include: labour-intensive public works and direct support for labour-poor households. Able-bodied members of PSNP households must participate in productive activities that will build more resilient livelihoods, such as rehabilitating land and water resources and developing community infrastructure, including rural road rehabilitation, building schools and clinics. In 2014, the program was able to reach 8.3 million beneficiaries in 319 districts in both categories of the public works (80%) and direct supports to the elders, disabled and sick members of the community [19]

**Creating Rural-Urban Linkages:** Rural-urban linkages expressed in terms of urban land expansion in response to urban growth and the exchange of services and goods between rural and urban population [22].

Urban centres do provide economic space for rural households both to purchase their inputs and household items as well as to sell their final products at local markets, thereby linking rural producers to the national economy. Development of small and medium-size urban centres infrastructure has the potential to lower transportation costs and improve access to markets for both urban and rural consumers and producers. Urban centres can also serve as a stepping-stone or an end for rural residents seeking opportunities outside of the agricultural sector by absorbing some of the agricultural labour.

Infrastructure works as a bridge between the rural and urban centres and between the agricultural sectors.
and other sectors of the economy. An improvement in rural road quantity and quality lowers travel time and reduces vehicle running and maintenance costs, which in turn lowers the actual costs of marketing products and reduces the costs of delivering inputs, increasing the inter-linkages between urban and rural areas. Rural-urban linkage increases trade and capital flows, which prompt rapid changes in the agriculture and food system as urban consumers increasingly influence the nature and level of interactions among the various stakeholders in the agro-food chain. Rural-urban linkage in sample cities is mainly associated with food and labour supply to urban centres and inputs for construction as well as technological outputs to rural areas [22].

CONCLUSION AND POLICY IMPLICATIONS

- Economic growth combined with structural transformation is key to achieve more inclusive development.
- The provision of basic services (education, health, finance and infrastructure) is important for people to build human capital, engage in productive activities or mitigate risks.
- Access, use and quality of financial services are crucial factors in building an inclusive society. They permit individuals and firms to exploit opportunities and contribute to, as well as benefit from, the growth and development process.
- Political inclusion is crucial for marginalized actors to become economically empowered and to improve their livelihoods.
- To bring favorable inclusive development in all parts of Ethiopia the government should design; economic growth with structural transformation of the economy.
- Productive employment; i.e. more jobs with good working conditions, remuneration and stability.
- Social protection for resilience, poverty reduction and sustainable economic growth.
- The provision of basic services (education, health, finance, infrastructure, housing, water,) for marginalized rural-urban peoples of the countries.
- Territorial development and spatial equity (e.g. between rural and urban areas).
- Quality & inclusive governance, especially for poor minorities & other marginalized groups.
- If development is said to include the countries policy structure should under consider marginalized groups of people;
- Elderly people as they get older, women and men may become gradually less ability;
- Small children, Pregnant women, People living with long-term illnesses including HIV/AIDS, People living in geographically remote, People living in informal settlements, People living in Peri-urban areas and new settlement areas and People engaged in marginalized occupations such as traditional pottery, working with animal skins and some textile work (locally called ‘shemane’) may be considered sub-standard and discriminated against.

REFERENCES


