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Collaboration

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CHAPTER FOUR

POPULATION OF ETHIOPIA AND THE HORN

Population geography defined itself as the systematic study of ‘(1) the simple description of the location of population numbers and characteristics . . . (2) the explanation of the spatial configuration of these numbers and characteristics . . . (3) the geographic analysis of population phenomena (the inter-relations among areal differences in population with those in all or certain other elements within the geographic study area)’.

Since Geography is basically the study of regional/areal differences in the distribution of natural and cultural phenomena, the study of population in Geography aims at showing and explaining regional/spatial differences on population distribution and densities, population numbers, human-environment interactions, population dynamics (fertility, mortality and migration), as well as population characteristics and qualities (age, sex, education and health composition etc.).

Population studies in geography and other fields yield knowledge essential for planning, especially by governments, in fields such as health, education, housing, social security, employment, food security, and environmental preservation. Moreover, the studies provide information needed in the formulation of governments’ population policies, which seek to modify the trends of population size, composition, and distribution in order to achieve economic, social, and environmental objectives.

4.1. POPULATION THEORIES

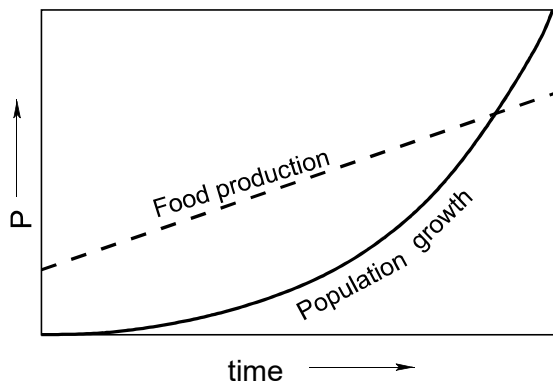
Various scholars have attempted to explain the relationships that exist between population and factors such as resources, economy, politics, and other social issues. Modern population theory is generally thought to have evolved in the late-eighteenth century, in the writings of Malthus.

Considering views about the relationship between population growth and socio-economic, political, and environmental factors, theories of population developed by different scholars can be grouped into two broad categories: Malthusian/Neo-Malthusian and Anti-Malthusian.

Malthusian and neo-Malthusian theories are pessimistic, and the anti-Malthusian theories are optimistic.

4.1.1. Malthusian Population Theory

Malthus reflected: The population in each country is growing fast in comparison to the growth of available food-grains, and, there is, therefore, a fierce competition among them over the limited resources. He believed that the supply of food can only increase by a constant amount, in arithmetical progression (1 – 2 – 3 – 4 – 5), but that the human population has a tendency to multiply in geometric progression, (1 – 2 – 4 – 8 – 16), multiplying itself by a constant amount each time. Therefore, eventually population would outstrip food supply until a catastrophe (*positive checks*) occurred. This would be in the form of famine, diseases or war. Such catastrophes would occur as human beings fought over increasingly scarce resources. According to Malthus, in order to avoid the inevitable occurrence of the positive checks, human beings should adopt *preventive checks* (*moral restraints*, includes; late marriage, avoiding sexual



conduct before marriage and having fewer children).

Figure 1: The Malthusian curves of food production and population growth. He showed that food supply, however surplus it may be for the time being, soon falters behind the fast-growing population.

4.1.2. Anti-Malthusian Population Theories

These are optimists who argue against Malthus. The two known theorists are Karl Marx and Ester Boserup.

4.1.2.1. Marxian Population Theory

- ✓ Marx postulated his theory favoring the socialist ideology over capitalist.
- ✓ There could be no population problem under a socialist mode of production and of ownership of resources.
- ✓ When existing food supplies are inadequate to support some of the population, capitalism calls the unsupported people surplus population.
- ✓ Food scarcities are purely the result of unequal distribution of resources by capitalism.
- ✓ Capitalist production is not targeted to meet the needs of poor people. Instead, its aim is to increase the accumulation of capital for the wealthy.
- ✓ Marx's solution to the problem of overpopulation was socialism with a new economic structure of society within a new social order.

4.1.2.2. Boserupian Population Theory

- ✓ Boserup argues that population growth is independent of food supply and that population increase is a cause of changes in agriculture.
- ✓ Boserup maintains that population growth is the cause rather than the result of agricultural change and that the principal change is the intensification of land use.
- ✓ The theory of agricultural development posed by Boserup is subtler and complex than that of any of her predecessors.
- ✓ She sees population pressure as a major cause of change in land use, agricultural technology, land tenure systems, and settlement form.
- ✓ Boserup thought that "As the size of population increases, it results in technological innovations and advancement."
- ✓ For her, population is an independent variable/factor, and agriculture is a dependent variable/factor.
- ✓ She believed that population growth could not be controlled by scarcity of food supply. Rather, the increasing demand for food caused by population growth would increase agricultural productivity by stimulating innovation in agricultural systems and technologies.
- ✓ In this regard, she said that "*Necessity is the mother of invention*".

4.2. Trends of Population Growth and Structure in Ethiopia

4.2.1. Trends of Population Growth in Ethiopia

There are three conventional sources of obtaining population data namely census, sample survey and vital registration. The most important source of population information (demographic data) that enables us to understand population growth rate and its trends in a country is a census.

4.2.1.1. Census

A census could be defined as the total process of collecting, compiling and publishing demographic, economic and social data pertaining at a specified time (s) to all persons in a defined territory. Its major characteristics include:

- ✓ Universality: inclusion of all persons in a given area during the count,
- ✓ Periodicity: census undertaking at regular time intervals with reference to a defined point of time usually 10 years and 5 years,
- ✓ Simultaneity: undertaking census in a very limited time duration called the census day/night,
- ✓ Government sponsorship being an expensive endeavor, and publication

4.2.1.2. Sample Survey

This is a method in which a defined population/sample/ is selected with the view that information acquired would represent the entire population. This method is advantageous over census as costs can be greatly reduced; and it is simple to administer and taken much faster. Sampling may also be used with censuses in order to obtain more detailed information to supplement census data. However, sample surveys have the inherent weaknesses related to sampling errors and inadequate coverage thereby demanding caution in their undertaking.

Data from most censuses and sample surveys include geographic location, age, sex, marital status, citizenship, and place of birth, relationship to the head of household, religion, educational characteristics, occupation, fertility, income, language, ethnic characteristics, disabilities and migration.

4.2.1.3. Vital Registration

Vital registration is a system of continuous, permanent, compulsory and legal recording of the occurrence and the characteristics of vital events like births, deaths, marriages, divorces, and adoptions. Vital registration data tend to be more precise than that of census/sample survey and the system provides time series data.

Despite the enormous usefulness of population information, it could be noted that population data could suffer from inaccuracy resulting from: poor and inadequately financed methods of collection; poorly trained enumerator; suspicion and ignorance of censuses and false statements specially of age and income; constant changes in administrations; omission of

more inaccessible areas; as well as wide difference in connotation of terms like language, ethnicity, and occupation. The errors are likely to be introduced at the stage of data collection, data processing, analyses and the writing up of the report. As such, the errors need to be detected and all the necessary adjustments made to enhance their usefulness.

According to the first ever census return of 1984, the population of Ethiopia was 42.2 million. The estimated rate of growth of the population in 1984. The total population grew to 53.5 million in the second census held in 1994. The country's population reached about 73.8 million in 2007. Based on projected data from CSA, Ethiopia has an estimated 2019 population of 112 million, which ranks 2nd in Africa and 12th in the world, with the current growth rate is about 2.6%. The largest part of the population (80%) is rural based. Like many other developing countries, Ethiopia has a youthful population where about 65 percent of the population is below 24 years of age. The population is also unevenly distributed.

4.2.2. Age and Sex Structure of the Ethiopian Population

4.2.2.1. Age Structure

Age Structure refers to the distribution of population by age groups. The most used age groups are five-year age groups (0-4, 5-9, 10-14, ..., 60-64, 65 and above) and broad age groups (0-14, 15-64, 65 and above).

Age groups 0-14, 15-64 and 65 and above are known as young age, working age and old age, respectively. Our young age population is very large, about half of the population, while the old age population is very small. Because of the predominance of young age population, the median age of the population is about 17 years. The high percentage for the young age group is the result of high birth rate and natural increase, while the small percentage of the old age group is the reflection of high mortality rate, which results in low life expectancy. On the contrary most developed countries have working age population of about 60 percent or more, and old age population of about 10 percent or more.

It is generally accepted that people in the young and old ages are dependent on the working age population. Age dependency ratio (A.D.R.) can roughly be used to show the magnitude of dependency.

$$ADR = \frac{(\% \text{ of population aged } 0 - 14) + (\% \text{ of population aged } 65 +)}{\% \text{ of population aged between } 15 \text{ and } 64} \times 100$$

The age dependency ratio for more developed countries is usually between 50 and 75 while less developed countries like Ethiopia have ratios between 85 and 105. For instance, the age dependency ratio for Ethiopia's population in 2007 were about 93. This means for every 100 persons in the working-age group, there are about 93 dependents.

Population pyramid is a graphical depiction of the age–sex structure of a population. If male and female population is classified into five-year age groups, a population pyramid can be constructed. From population pyramids we can tell which groups have large number of people, which age groups have male-female imbalances, and the fertility and mortality situations.

In general population pyramids of developing countries like Ethiopia have very broad bases showing the preponderance of young age population, and become thinner and thinner upwards as age advances. So the percentages of population in upper age groups are very small. The age distribution of the population of Ethiopia shows that the country has a youthful population resulting in heavy youth dependency. Heavy youth dependency has many serious implications on socioeconomic development, which include:

- Imposition of heavy burden on the working population
- allocation of most of the household budget to food and other household needs with little/nothing left for saving; which then affects investment
- diversion of limited resources on social services - building of schools and hospitals and purchase of medicines, etc. which could have been geared to directly productive investment; and
- creation of a society with booming babies that require an expansion of employment opportunities by the time they are of age
- further promotion of high-level fertility by increased number of women entering the reproductive age (ages 15-49) annually.

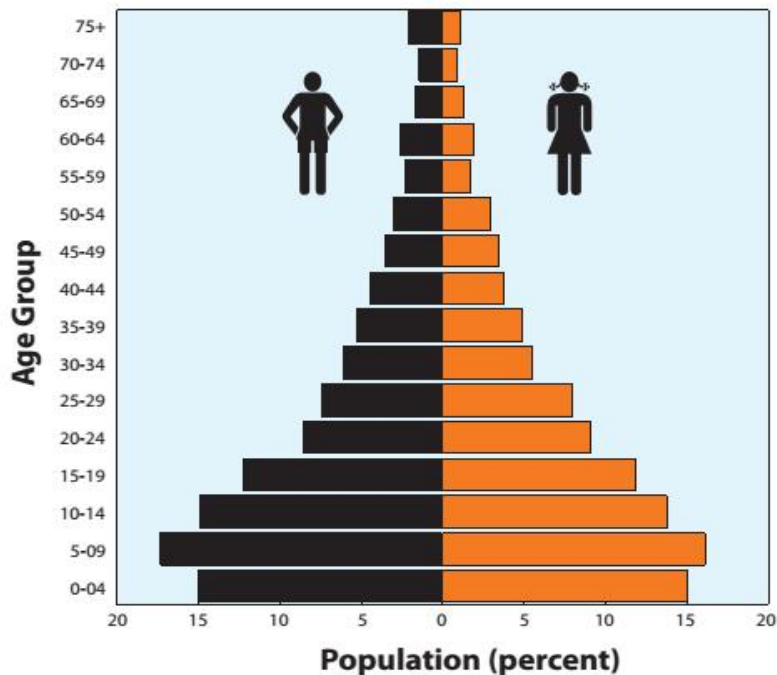


Figure 2. Population pyramid of Ethiopian population

4.2.2.2. Sex Structure

Sex structure refers to the ratio of male population to female population at different age groups. It is usually expressed as:

$$\text{Sex Ratio} = \frac{\text{Male population}}{\text{Female population}} \times 100$$

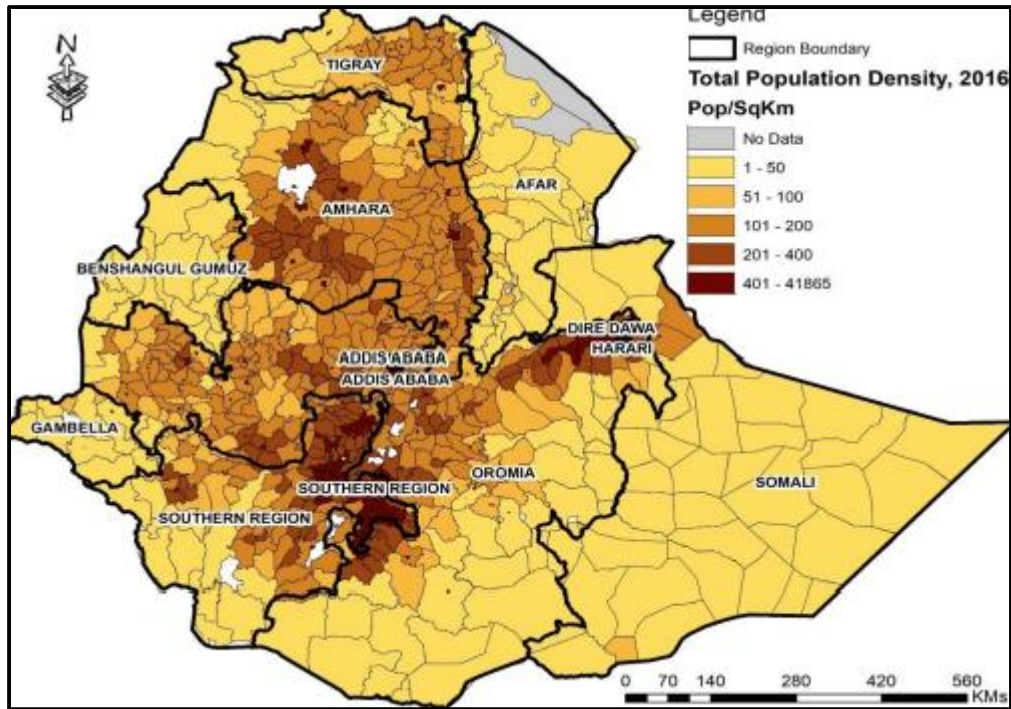
According to the 1984 census result, sex ratio for the population of Ethiopia was 99.4. This means that there were about 99 males for every 100 females. The respective figures for rural, urban and Addis Ababa populations were 100.9, 86.8 and 90.2. The 1994 census result shows that it was 101.3 for the country and 102.6, 93.3 and 94, respectively, for rural areas, urban areas and Addis Ababa. In 2015, male to female ratio for Ethiopia was 99.96 males per 100 females. Sex ratios are generally lower for urban areas, and higher for rural areas primarily due to larger female in-migration to urban areas. Sex composition of the population also shows some variation by region. In Afar, Somali and Gambella, the number of males exceeds that of females, while in Addis Ababa the number of females is considerably higher than the number of males.

Sex ratios also vary with age. At birth and young ages males tend to be greater in number, but they become increasingly less as age increases. Hence, sex ratios are high in young age groups and low in adult and old age groups. Greater male births account for greater number of males and high sex ratio in young ages, but because mortality of male children is greater, the gap narrows down and the sex ratios decline to fall below 100 in twenties and thirties.

4.3. The Spatial Distribution of Population in Ethiopia

Population distribution refers to the arrangement of people over space that is provided for them to settle and make a living through exploiting resources. Moreover, it refers to the way how population spreads out over a given area, i.e., of any size from a small area to the earth as a whole. The distribution of population is indicated by **population density** which is the number of persons divided by the area that they occupy.

The distribution of population in Ethiopia is very uneven as a result of physical and human factors operating together. The most important physical factors that affect population distribution include climate, soil, vegetation, drainage and slope while the historical pattern of



population movement, the type of economic activity, urbanization, industrialized and the demographic variables are important human influences.

Figure 3. Population distribution map of Ethiopia

4.3.1. Measures of Population Distribution

Population Density

Population density refers to the number of people per unit area. There are several ways of expressing population density, three of which will be mentioned here.

Crude density is found by dividing total population to total area. This kind of density is called crude because it does not show variations in population distribution within a given area. In 1990

crude density for Ethiopia was 40.74 people/km² and this has increased to 52 people /km² in 1998; and it amounted to more than 100 currently.

There are considerable variations in population density among the administrative regions of the country. Excluding the urban based administrative regions, Southern Nations, Nationalities and Peoples (SNNP) region is the administrative area with the largest population density (173 people/km²) followed by Amhara region. Gambella (13 people/km²), Somali, Afar and Benishangul-Gumuz are regions with low densities of population. Crude population density conceals /much of the variations within regions.

Region	Population	Area(km ²)	Density(p/km ²)
Tigray	5,247,005	84,722	61.9
Afar	1,723,000	72,053	23.9
Amhara	20,401,000	154,709	131.9
Oromia	33,692,000	284,538	118.4
Somali	5,453,000	279,252	19.5
BenishangulGumuz	1,005,000	50,699	19.8
SNNPR	18,276,000	105,476	173.3
Gambella	409,000	29,783	13.7
Harari	232,000	334	716
Addis Ababa	3,273,000	527	6,210
Dire Dawa City Adm.	440,000	1,559	282
Total	90,078,000	1,063,652	84.7

Source: CSA, Statistical Abstract,2015.

Table 1. Population distribution of Ethiopia

When population densities are considered in terms of zones, the variation of population density in Ethiopia is generally greater than the differences among the regions. Nationwide, there are several zones with population densities of over 200 persons per square kilometer. Some of the zones with very high population densities are Ghee (424 persons/km²), Sidama (299 persons/km²), Kembata Alaba-Tembaro (299 persons/km²) and Hadiya (264 persons/km²). In contrast, there are zones with population densities of less than 10 persons per square kilometer, two of which are Kamashi (5.7 persons/km²) and Metekel (7.7 persons/km²). Some of the zones

in the Somali and Afar regions, for which densities have not been calculated, have even lower densities.

4.4. Factors Affecting Population Distribution in Ethiopia

The distribution of population in Ethiopia is very uneven. This extreme unevenness is the result of the combined effect of physical and human factors which shall be discussed hereinafter.

4.4.1. Physical Factors

The most important physical factors that affect the distribution of population in Ethiopia include climate (mainly rainfall and temperature), soil and vegetation. The other physical factors include drainage and slope. High temperatures in combination with low and irregular rainfall diminish habitability in the lowlands of Ethiopia. On the other hand, the highland plateaus of Ethiopia where rainfall is high and temperature is moderate tend to be densely settled. The effect of climate upon population distribution is immensely important not only directly upon humans but also indirectly through its influence upon soils, vegetation and agriculture.

Steep slopes and surface ruggedness play their own part in restricting human access, habitation and cultivation. Since soil formation and vegetation growth are closely associated with relief, wherever the landscape is not significantly broken or dissected, soils tend to be good and vegetation cover richer. Likewise, attractiveness of a region for human occupation may depend partly on the nature of the soil. The fertile volcanic highland soils of Ethiopia offer a partial explanation for the high concentration of the population in the plateaus. In Ethiopia most of these physical factors are influenced by altitude.

4.4.2. Human Factors

Human factors which have influenced population distribution in Ethiopia may be divided into two:

- ✓ The historical pattern of population movement and
- ✓ Types of economic activities.

4.4.2.1. The Historical Pattern of Population Movement

After the decline of the Axumite Empire, there was southward movement of the Tigre, Amhara, Agew and Guraghe populations starting from the 7th century. There was also largescale northward movement of the Oromo's during the 16th and 17th centuries. The two waves of population movements, one from the north, and the other from the south, offer a significant explanation of denser population distribution in and around the central highlands.

4.4.2.2. Types of Economic Activities

Types of productive activities strongly influence the carrying capacity of land; and the carrying capacity in turn influences the number of people that can inhabit an area. The arid and semi-arid lowlands of Ethiopia that are inhabited by pastoralists and semi-pastoralists are sparsely settled. Hence, with pastoral herding, population densities are extremely low.

Compared to areas of pastoral herding, cultivated lands have greater carrying capacity thereby supporting higher population densities. However, the type of crop cultivated could also result in varying densities. For instance, the northern and north central areas of Ethiopia with cereals as the main crops have relatively low yield per unit area; and hence they have relatively low carrying capacity and moderate density. On the contrary the *enset* and coffee regions of Ethiopia have greater yield per unit area that gave rise to the very high density of population in some South-central Zones and weredas.

The development of commercial farms in some parts of Ethiopia like the Awash valley is also a significant factor in causing population movements and changes in the population concentration. Likewise, urban and industrial growths as well as transportation routes can be considered as some of the important elements in bringing about population re-distribution over time and explaining density variation.

4.5. Settlement Types and Patterns

4.5.1. Types of Settlement

Settlements are places that are inhabited by people more or less on a permanent basis, as distinct for example from camps, and where people carry out a variety of activities such as agriculture,

manufacturing and commerce. Different settlement types develop mainly in response to some physical and human factors.

Settlements are divided into two, namely, rural and urban on the bases of the dominant economic activity, population densities and availability of socioeconomic and infrastructural facilities. Towns or urban centers have non-agricultural activities as dominant, while rural areas are almost totally agricultural. Population densities are generally very high in urban area compared to densities in rural areas.

4.5.1.1. Rural Settlement

The vast majority of the Ethiopian population still lives in rural settlements consisting of hamlets and villages. Rural settlements can be temporary or permanent depending on whether there is frequent change in the site of the settlements.

Temporary / Mobile Settlements

The lowlands in most parts of the Rift Valley and peripheral areas, being generally hot and dry, are characterized by pastoral herding and mobile settlements. The settlements are mobile because pastoralists have always been searching for new sites for water and pasture for their livestock. The major problem often mentioned about mobile settlements is that of providing social services like clean water, schools, hospitals, electricity etc. to the people. These fixed physical infrastructures and services cannot move from place to place like the pastoralists, and to benefit from such services people have to be in permanent settlements. However, it must also be noted that settling pastoralists is not something that can be done in a year or two since it involves change of livelihood strategies, attitudes and value systems. So, it has to be considered as a serious development task that could involve the pastoralist community and governmental and non-governmental stakeholders; and perhaps it could last for generations.

Permanent Settlements

Settlements are considered as permanent if there are no frequent changes in their locations. Most Ethiopian rural highland settlements where crop cultivation is practiced are permanent. Permanent settlements are of two types. One of them is scattered (also called diffused or

dispersed), while the other one is known as grouped/ clustered or nucleated. In areas of dispersed settlements homesteads are separated by relatively long distances which could be associated with individual land tenure and desire of people to live near to their farm holdings. Grouped settlements, on the other hand, are characterized by concentration of large number of homesteads and households at one place as for example for reasons of defense, to provide threshold population to support basic social services as was the case of pillarization program during the Dengue.

4.5.1.2. Urban Settlements and Urbanization

Urbanization refers to the increase in the percentage of the population living in urban centers. It entails the process of becoming urban, moving to cities and changing from agriculture to other pursuits of life which are common to towns and, with a corresponding change of behavioral patterns.

Urbanization is crucial to sustain the pace of economic development and improve the quality of life for both urban and rural populations. Linkage between urban and rural areas could foster efficiency of value chains in agro-industry, improve agricultural productivity, promote service expansion and create sufficient industrial jobs in urban centers to absorb the perpetual influx of population from rural areas. However, if the rapid urbanization is not properly managed, it is presumed to bring with it a number of development challenges such as unemployment, housing shortages and informal settlements, infrastructural and service shortages, poverty and social distress.

The major criteria used to classify settlements as urban in Ethiopia are:

- I. Minimum of 2,000 people;
- II. Two-thirds of the population engaged in non-agricultural activities;
- III. Chartered municipality;
- IV. The presence of social services and amenities

The number of settlements meeting these criteria in 1984 was about 322. These settlements had 10.23 percent of the total population of the country and this is one of the least urban population

sizes in the world. The number of settlements with greater than 2,000 people in 1994 had increased to 539. These have 12.8 percent of the country's population. In 2007, the number further rose to 927. Today, the urban population is about 20 percent of the country's population.

4.6. Determinants of Population Change in Ethiopia

The population of any particular region (country) grows/declines as a result of the combined effect of the three demographic variables: fertility, mortality and migration. Ethiopia is endowed with a large and fast-growing population ranking 2nd in Africa after Nigeria.

Fertility is one of the three principal components of population change that determine the size and structure of the population of a country. In its general sense, fertility refers to the occurrence of birth in a given country or region.

Mortality is the second principal factor in population change that determines the size and structure of the population of a country. In its general sense, mortality is the occurrence of deaths in a given population.

Migration The residential relocation of an individual, family or group from one place to another

4.6.1. Demographic Measurements

In Ethiopia, fertility and mortality are the two principal determinants of population growth as international migration is insignificant. Some of the basic demographic measurements include:

Crude Birth Rate (CBR) refers to the number of live births per 1000 population.

$$CBR = \frac{\text{Total Annual Live Birth}}{\text{Total Mid - year Population}} \times 1000$$

General Fertility Rate (GFR) refers to the total number of live births per women of reproductive age. GFR is a relatively specific measure of fertility as it specifically relates births to women in the reproductive age.

$$GFR = \frac{\text{Total Annual Live Birth}}{\text{Total Women 15 - 49}} \times 1000$$

Total Fertility Rate (T.F.R.) refers to the average number of children that a woman would have at the end of her reproductive period if the current age specific fertility rate remains unchanged.

$$TFR = 5 \times \sum_{n=1}^7 \frac{Bi}{Wi}$$

Where, Bi = Total live births in age group I,

Wi = Total number of women in age group I (I = age group i.e. 1= 15-19, 2=20-24 3=25-29, 4 = 30-34, 5 = 35-39, 6=40-44, 7 = 45-49)

Crude Death Rate (CDR) refers to the number of deaths per one thousand populations in a year.

$$CDR = \frac{\text{Total Annual Death}}{\text{Total Mid - year Population}} \times 1000$$

Infant Mortality Rate (IMR) refers to the total number of deaths of infants per one thousand live Birth.

$$IMR = \frac{\text{Total Annual Infant Death}}{\text{Total Live Birth}} \times 1000$$

Maternal Mortality Rate (MMR): refers to death of mothers in connection from pregnancy and birth complications per hundred thousand live birth.

$$MMR = \frac{\text{Total Annual Maternal Death Due to Birth Complications}}{\text{Total Live Birth}} \times 100,000$$

Life Expectancy at birth: refers to the average number of years that a newly born baby is expected to live. It is used as a summary measure of the mortality experience of the whole population.

Natural Rate of Increase: is the difference between crude birth rate and crude death rate expressed in percentage.

$$NRI = (C.B.R. - C.D.R.)$$

In Ethiopia, there are also substantial differentials in fertility among regions, ranging from a low TFR of 1.4 in Addis Ababa to a high of 6.2 in Oromia. With the exception of Somali and SNNP, fertility levels in the other regions are lower than the national average

In general, fertility rates are high in Ethiopia due to the following major factors.

- ❖ Low levels of family planning practices, due to lack of awareness and religious beliefs;
- ❖ Early marriage, particularly of females;
- ❖ Perception of high social and economic value of children;
- ❖ Low social status of women; and
- ❖ Relatively high infant and child mortality (death) rates, which leads parents to produce larger number of offspring, in compensation.

4.6.2. Levels and trends in Fertility and Mortality rates in Ethiopia

Birth and death rates show significant spatiotemporal variation. Clear differences in birth and death rates are emerging between rural and urban areas of Ethiopia. Urban areas have lower birth and death rates compared to rural areas implying that living and health conditions are better and, perhaps, family planning Programme is gaining ground. Women in rural areas have an average of 5.2 children, compared to 2.3 children among women in urban areas.

Looking at TFR by region, in 2016 fertility was the lowest in Addis Ababa (1.8 children per woman) followed by Dire Dawa (3.1), Gambella (3.5), and Amhara (3.7); while regions that have TFR rates more than the national average are Somali (7.2), Afar (5.5), Oromia (5.4), and Tigray (4.7). Recently, fertility is showing a declining trend. Total fertility rate (TFR) declined from 7.52 in 1984 to 6.74 in 1994, and currently, women in Ethiopia have an average of 4.6 children.

Similarly, mortality rates are also showing a declining trend. Before 2000, almost all regional states recorded more than 100 infant deaths per 1,000 live births, but by 2011 infant mortality in all regions was lower than 100, except for Benishangul-Gumuz. Mortality rates also show considerable variation by regions. In 2016, IMR at the country level was 54 where it was 48 in urban areas and 62 in rural Ethiopia. Accordingly, lower than national average infant mortality

rate was recorded in Addis Ababa followed by Somali and Gambella; while higher IMR was recorded in Benishangul, followed by SNNPR and Tigray.

Life expectancy at birth in Ethiopia increased from about 36.7 years in the 1960s to 62.6 years in 2016. Female life expectancy (65.4 years) is about four years higher than male life expectancy (61.2 years). Life expectancy at birth is greater for urban areas than for rural areas. It exceeds the national average in Addis Ababa; while the lowest is in Benishangul Gumuz (47 years) followed by SNNPR (49 years). The relatively high life expectancy and low infant mortality rates for Addis Ababa may result from relatively easy access to health services.

Comparison of birth and death rates of Ethiopia with some neighboring Horn countries as well as with world countries experiencing the highest and lowest values for the demographic rates, will help us understand where we stand.

4.7. Impacts of Rapid Population Growth in Ethiopia

Ethiopia's population has been growing very rapidly. The population growth rate is much higher and is increasing much faster than the economic growth rate and is growing beyond the carrying capacity of the country's natural resources, such as land, water, soil, forest, etc. These negative results of rapid population growth have caused many environmental and socio-economic problems.

4.7.1. Deforestation

Deforestation refers to the removal of forest cover of an area without adequate replacement. In other words, it is the process of the indiscriminate destruction of the natural vegetation cover of a forest area. Forests are the lungs of the earth. They absorb carbon dioxide from the atmosphere and exhale oxygen. They also store energy from the sun, bind topsoil to land, and aid in climate control by capturing and releasing water. They also provide a habitat for innumerable species of plants and animals, serving as a global storehouse of genetic diversity.

The direct negative consequences of deforestation include the following.

- ❖ It accelerates soil erosion.

- ❖ It destroys biodiversity.
- ❖ It affects rainfall by decreasing evapotranspiration.
- ❖ It results in shortages of food supply.
- ❖ It affects the natural beauty of the affected areas.

4.7.2. Pollution

Substances released into an environment that cause harm to living organisms or built structures (e.g. roads, buildings). The substances may be human-made or natural. Harm occurs when the receiving environment cannot easily assimilate the type or quantity of substance released. In other word, Pollution refers to any undesirable change in natural conditions of water, air, and other components of the natural environment that has negative effects on the health and activities of human beings and other living creatures.

The effects of pollution range from aesthetic nuisance through to economic loss, health damage, death and long-term environmental degradation. The release of pollution may be sudden, or it may involve a slow accumulation of substances, such as the concentration of heavy metals, herbicides and pesticides in food chains. The impacts of pollution may also be gradual or sudden. The impact may be short-lived or exist for a long time. It may be local, widely dispersed or far from the source of pollution. Pollution may be described by its medium (e.g. air or water pollution), its character (e.g. noise pollution and acid rain) or its source (e.g. industrial pollution).

In Ethiopia, rapid population growth leads to environmental pollution by increasing emission of the amounts of pollutants such as:

- ❖ Sewage, solid wastes, and pollutant gases generated by households.
- ❖ Pollutant gases, liquids, and solid chemicals generated by expanded industries.
- ❖ Pollutant gases generated by the increasing number of automobiles.
- ❖ Agricultural pollutants, such as fertilizers, pesticides, animal wastes, etc.

4.8. Urbanization in Ethiopia

4.8.1. The Concept of Urbanization

Urbanization refers to ‘the increasing concentration of people (relative to a base population) in urban style settlements at densities that are higher than in the areas surrounding them’. It is also referring to the process of population shifts from rural areas to cities, and the resulting growth of urban areas. It is the process whereby large numbers of people leave countryside/rural places and small towns in order to settle in cities and surrounding metropolitan/urban areas. A nation is said to have become more urbanized as its cities grow in number, its urban populations increase in size, and the proportion of its population living in urban areas rises.

- ❖ Demographic urbanization is tied to an increase in the complexity of social life.
- ❖ Economic urbanization is referring to ‘economic activities that we normally associate with cities’.
- ❖ Sociocultural urbanization ‘refers to participation in urban ways of life’. This implies the embrace by populations of urbanism as a way of life. While it is possible to identify certain developments, such as literacy, universally with sociocultural urbanization.

4.8.2. Trends of Urbanization in Ethiopia

Urbanization is a recent phenomenon in Ethiopia. It was introduced mainly after the late 19th and early 20th centuries. Factors Contributing to Urbanization in the nation include: firstly, peoples’ need for better living conditions this has been the major cause for the origin, growth and development of many of the urban centers; secondly, people’s desire to come close to clustered settlements, many rural Ethiopians have been motivated to move and settle in urban places where there is relatively higher concentration of social services, industries, and employment opportunities.

In the history of Ethiopia, major factors contributed to the origin and development of most urban centers;

- ❖ The interconnection of the different parts of the country by all-weather roads, which radiate from Addis Ababa.

- ❖ The five-year Italian occupation, which intensified the construction of roads, and the development of small-scale industries and service giving institutions.

Most urban centers of Ethiopia have developed along major transport routes, which have attracted people to these areas. Consequently, areas with greater transport route network have larger numbers of urban settlements, and higher population densities.

Two main areas have relatively large concentrations of urban centers and urban population: the Shewa and the Harare plateaus. Together, these regions account for more than 50 percent of the urban population of the country. The major reasons for this situation are:

- ❖ Concentration of industries that results in relatively higher opportunities for employment.
- ❖ Concentrations of social services and facilities, such as schools, health institutions, water supplies, electricity, transportation, etc. that result in, relatively, better living conditions.

Review Questions

1. Justify why Ethiopia still remains to be the least urbanized country in the world.
2. Discuss on the major problems of urban centers of Ethiopia

REVIEW EXERCISES

CHOOSE THE BEST ANSWER FROM THE GIVEN ALTERNATIVES

1. What is the main factor that causes the accelerated growth of the largest cities of Ethiopia?
 - A. The rapid growth of industrialization in the country
 - B. The rapid growth of the urban economy
 - C. The advances made in the country especially in trade and tourism
 - D. The high rates of natural increase and net in migration
2. What are the three major sources of population data?
 - A. Age, Sex and Place of birth
 - B. Rural area, Urban area and Regions
 - C. Census, Vital registration and Surveys
 - D. Birth, Death and Migration

3. A population pyramid mainly indicates
 - A. The vital rates of the population of a given country
 - B. The distribution of the population of a country by income category
 - C. The size of the population of a given geographic unit
 - D. The distribution of the population of a country by age and sex
4. The population pyramid of Ethiopia shows that there is a
 - A. Low proportion of old age population
 - B. Two-thirds of the population fall under working age population
 - C. Moderate dependency rate
 - D. Low proportion of young age population
5. The current pattern of population distribution of Ethiopia shows a marked concentration in
 - A. Areas with altitude ranging from 1500m to 3000m
 - B. Lowlands drained by major rivers
 - C. The Rift Valley
 - D. Areas with altitude of 300m and above
6. A youth dependency ratio of 92 shows that for every;
 - A. 100 persons in the working age there are 92 persons in the young age
 - B. 92 persons in the working age there are 100 persons in the young age
 - C. 8 persons in the working age there are 92 persons in the young age
 - D. 92 persons in the working age there are 12 persons in the young age
7. The population policy of Ethiopia can be rightly categorized as;
 - A. Pro-natalist
 - B. Anti-Malthusian
 - C. Boserupian
 - D. Anti-natalist
8. The number of deaths in a year among under one year of age per one thousand live births is;
 - A. Crude death rate
 - B. Child mortality rate
 - C. Infant mortality rate
 - D. Maternal mortality rate
9. The most important physical factor influencing patterns of population distribution and settlement in Ethiopia is;
 - A. Altitude
 - B. Latitude
 - C. Soil type
 - D. Air pressure
10. Which term refers to the average number of children that would be bound alive to a woman during her life time if she were to pass through all child bearing years?

- A. Total Fertility Rate
B. General Fertility Rate
C. Age Specific Fertility Rate
D. Crude Birth Rate
11. Which of the following is **NOT** a major factor behind the very high fertility rates among rural women in Ethiopia?
- A. The social status of women
B. Traditional values attached to children
C. The ethnic background of rural women
D. Early marriage
12. Which of the following factors is responsible for the widespread development of squatter settlements in the urban centers of Ethiopia?
- A. Shortage of skilled labor
B. The wide gap between housing demand and supply
C. shortage of building material
D. The scarcity of building land
13. In Ethiopia sex ratios are generally lower for urban areas and higher for rural areas because of;
- A. Large number of females migrating to urban areas
B. Migration of more male adults to Arab countries
C. Political instability and wars which claim the lives of more male than female adults
D. Reverse migration of male adults from urban to rural areas
14. If the birth rate of country “X” is 35 births per 1000 people and if its death rate is 15 deaths per 1000 people, what is its population’s rate of natural increase?
- A. 20%
B. 200%
C. 0.002%
D. 2%
15. According to the Malthusian population theory, as the demand for food increases;
- A. More food will be produced
B. Technology of food production improves
C. Population growth continues
D. Mortality rate increases

CHAPTER FIVE

ECONOMIC GROWTH AND DEVELOPMENT TREND IN ETHIOPIA

5.1. An Overview of Growth and Development Trend in Ethiopia

Economic growth is a sustained increase in the production of goods and services, usually measured at the national level as the change in the Gross Domestic Product (GDP) of a country's economy. It is the quantitative accumulation of the national capital. It is simply a change in output regardless of cultural, political, economic and other improvements.

Economic development is a process of structural transformation with continuous technological innovation and industrial upgrading, which increase labor productivity, and accompanied improvements in infrastructure and institution, which reduce transaction costs. Development is far more complex than growth. Development is a process involving economic as well as social and environmental changes. It involves higher per capita income, equitable education, and job opportunities, greater gender equality, better health and nutrition, cleaner, more sustainable natural environment, a more impartial judicial and legal system, broader civil and political freedoms, and richer cultural life.

Development is also the qualitative transformation of a whole society, a shift to new ways of thinking, and corresponding new relations and new methods of production. Moreover, transformation only qualifies as development if it benefits most people – improves their quality of life and gives them more control over their destinies. This comprehensive process of change has to involve most of the population and cannot be limited to modernization at the top or in the capital city.

- ❖ ***Sustainable development*** is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.
- ❖ The term ***trend*** refers to a general tendency, movement or direction. So, in the economy of a country, the trend may be upward, downward or stagnating.

When we refer to our topic, Economic Growth and Development Trend in Ethiopia, there has been an encouraging trend since 1996. This fact has been released by Welfare Monitoring surveys as follows.

- ✓ In rural areas, the literacy rate increased from 18% in 1995/96 to 31% in 2004/05.
- ✓ At country level, gross enrollment ratio at primary grades level has increased from 37.4% in 1996 to 79.8 in 2004/05. Although still relatively high, primary dropouts in rural areas declined from 18.5% in 1996 to 13.6% in 2004 at secondary level from 29.3% to 16.5%. The proportion of households that are very far away from schools. i.e., 10 km in the case of primary school) has fallen substantially.
- ✓ The proportion of rural population living more than 20 km from a health facility has fallen from 20% of household, in 1996 to 13% in 2004.
- ✓ A consistent decline in malnutrition over time is being shown in both rural and urban area. The rate in urban areas fell from 58% in 1996 to 30% in 2004; and in rural areas fell from 67% to 48%.
- ✓ About 92% of rural households are less than 5 km away from the closest source of drinking water while it is much better in urban area. More than 82% could get access to drinking water in less than one kilometer distance.
- ✓ About 42% of rural households are now less than five kilometers away from the closest all-weather road. The trend over time also indicates that availability of all-weather roads within five kilometer radius has been increasing etc.

5.2. Major Features of Ethiopian Economy

Geographers classify a nation's economy into primary, secondary, tertiary or the service sectors. Increasingly the service sectors are seen as forming a fourth or quaternary sector and a fifth or quinary sector. This categorization is seen as a continuum of distance from the natural environment. The continuum starts with the primary sector of an economy that extracts or

harvests products from the earth. The primary sector includes the production of raw material and basic foods. Activities associated with the primary sector include agriculture (both subsistence and commercial), mining, forestry, farming, grazing, hunting and gathering, fishing and quarrying. The secondary sector of the economy manufactures finished goods. All of manufacturing activities, and construction lie within the secondary sector. Tertiary economic activity involves the distribution and provision of goods and rendering services. Tertiary institutions include wholesale and retail outlets, banking and other financial services, governmental and educational services, medical facilities, and much other business and service functions upon which we depend daily. Security services, transportation, information and telecommunication services, tourism, health services, education institutions and research centers all are vital tertiary economic activities.

The major sectors of the Ethiopian economy:

- ✓ Agricultural
- ✓ Industrial
- ✓ Distributed (service)

5.2.1. Agriculture

Agriculture is defined as the purposeful tending of animals and plants. It is one of man's oldest activities, and dates back to the Neolithic period (10,000 years before present). Even today, agriculture remains an important economic activity accounting for more than 15 percent of the earth's cultivable land. Similarly, about 60 percent of the world's population gets its livelihood from agriculture. The type of agriculture practiced in any area is influenced by physical and socio-economic factors. The environmental factors like soil; climate, relief, etc. impose certain limitations on the types of crops that may be cultivated and the type of livestock that may be reared. However, in addition to such environmental factors, various socio-economic factors like farm size, type of land tenure, capital availability, transport and marketing facilities, price, government policies, etc. also influence farming patterns.

Agriculture is important for a number of reasons. It provides: basic food supplies for the population; raw materials like cotton, sugar cane, oil seeds, etc. to industries; export crops, from

whose sales industries infrastructure and the like may be established; and employment for the population. The great majority of the Ethiopian population resides in rural areas engaged in some form of agricultural activity. Agriculture is the backbone of the Ethiopian economy and therefore this particular sector determines the growth of all the other sectors and, consequently, the whole national economy. Despite a long history of agricultural practices in Ethiopian, the sector is still very backward. Farming methods and techniques have hardly changed in the last 2000 years.

The sector is dominated by small-scale farmers that practice rain-fed mixed farming by employing traditional technology, adopting a low input and low output production system. It is also in this sector that the over whelming majority of the poor reside.

The Ethiopian economy is an agrarian economy. Agriculture is the backbone of the economy of the country as the following facts indicate.

- ✓ Agriculture accounts for most of (30- 42%)t of the Gross Domestic Product (GDP) of the country.
- ✓ Agricultural products account for more than 90 percent of the foreign exchange earnings of the country.
- ✓ Agriculture provides raw materials for the processing industries
- ✓ More than 80 percent of the Ethiopian population derives its livelihood directly from agriculture.
- ✓ Agriculture's main products are food crops, cash crops, industrial crops, fruits and vegetables, flowers, and animal products.

Agriculture had been the leading sector followed by the service sector until 2007/08. But, after 2008/09, the service sector emerged as the dominate/leading sector mainly due to the natural factors and economic factors. One of the lower capital and space required at the initial period. Among the various service sub-sectors, trade, hotels and restaurants had remarkable overall growth. Banking and insurance follows showing an average growth rate performance of 18.5 percent from 2006/07 through 2009/10. Education ranks third with an average growth rate of 16.5 percent.

5.2.2. Manufacturing

Manufacturing is a process of changing commodities to consumable forms. In this process there is an addition of value. In other words, the value of commodities is more after the undergone manufacturing. Manufacturing is, therefore, a higher-level economic activity than the production of primary materials.

Industrial development in Ethiopia is extremely backward. The backwardness of the industrial sector is an indication of the low-level development of the Ethiopian economy. In the modern world development is equated with industrialization. The industrial sector ranked third in its contribution to Ethiopia's GDP. Its growth was small (13.0%) in comparison to that of the agriculture and service sectors. This could be attributed to the short history of industrialization in the country. Its growth has been modest, not exceeding 7 percent for the last four decades, except during the years 1997/98 to 2009/10. The industrial sector consists mainly of large and medium-size industries, small-scale and handicraft manufacturing, and the construction sub-sector.

The industrial sector employs about 10 percent of the country's active labor force. The main products include textiles, food stuffs, beverages, cement, leather and leather products, metallic and non-metallic products, wood, and paper and pulp. Among the industrial sub-sectors, mining and quarrying has shown a tremendous growth performance accounting 44.2 percent of the industrial sector's growth performance. It is followed by large and medium-size manufacturing's and construction. Regarding the links between the various economic sectors, the forward and

Challenges	Opportunities
High logistics and transportation cost	Relatively cheap electricity charge in comparison to other African countries
Limited research/study and action on export incentives and market	Macroeconomic stability and rapidly growing economy
Low labor productivity	Relatively cheap labor force & increasing number of trained employees
High cost of imported raw materials	Access to wide market (large domestic market, COMESA, AGOA, EBA opportunities, China market etc.)
Limited compliance to the international requirements and market	Competitive incentive packages which include export incentives
Underdeveloped rural infrastructure in the potential areas	Integrated Agro-Industrial Parks (one stop shopping for all the services, economies of scale, extension services, development of common infrastructure)
Weak supply chain integration, market institutions and information system	Global attention due to its remarkable economic growth and credit worthiness
Low level of technology	

backward linkages between agriculture and industry have not been very strong.

Table 2. Challenges and opportunities of industrial development in Ethiopia.

5.2.3. Service Sector

Transportation

Transportation is a service or facility by which persons, manufactured goods, and property are physically carried from one location to another. Transportation is fundamental to civilization. Transportation, it is usually said, is the lifeline or the blood vessel of an economy. This is why we invariably see a well-developed transportation network in well-developed economies. The role of transportation in socio-economic development is that it allows for: division of labor and labor specialization, procurement of raw materials from various sources, dispatch of goods to market places and personal mobility etc.

Communications

Communication is the process of conveying messages to others. An effective communication system plays a vital role to: accelerate the pace of development, enhance closer social integration, and to promote the basic aim of economic activities. Some of the communication services that are commonly used in Ethiopia include radio, television, internet, satellite, print publications, fixed and mobile telephones, and post offices.

The Contribution of Transportation and communication to Socio-Economic Development

The contribution of transportation to a country's development is high. Its share of contribution to the GDP of a country is incontrovertible, though the nature and extent of the contribution varies from country to country. Transportation plays important economic, social and political roles some of which are indicated hereunder:

- It creates job opportunity
- It promotes investment sector - on infrastructure development.
- Transportation plays a big role for both national and international trade.

- It serves as a source of income generation both for governments and the public;
- It contributes to the maintaining a country's peace, political wellbeing and stability;
- Plays the role of linking rural areas and rural products to urban centers and helps in increasing and interconnecting market outlets;
- Makes big contribution to the development of tourism, entertainment, sports and peaceful relationship among people.

Although the expansion of the transport sector is of tremendous economic, social and political benefit, there are nevertheless some negative aspects to it. The fact that its energy consumption is high, that it is foremost among the factors that contribute to environmental pollution, that it has been classified among the world's killer diseases with regard to traffic accidents, and that it has become a source of anxiety in terms of congestion constitute the negative side of the transport sector.

Trade

Trade is a process of exchange of products involving change in ownership of commodities. The development of trade in a country depends on the development of production activities. Trade basically arises when regions or persons complement one another with their products. A country carries out two types of trade. These are *internal trade* and *external trade*.

Internal trade: This refers to the exchange of goods and services within the country. It can be done between regions or within a region.

External Trade: External trade refers to the exchange conducted between countries. In other words, it is concerned with import-export trade.

Foreign Trade

The main reason that necessitates trade with one another rather than running completely independent economies is that, the earth's resources are not equally distributed across its surface. That means different countries have different factor endowments, and the international mobility of these factors is severely limited. Some countries are rich in capital resources, others are rich in

labor resources, and still others are rich in natural resources. Hence, every country must trade with others to acquire what it lacks.

Review Questions

1. State the agricultural resource base of Ethiopia
2. List the most important contributions of the agricultural sector in Ethiopia
3. What is manufacturing?
4. How important is manufacturing to the development of Ethiopia?

5.3. Present Features of Ethiopian Socio-Economic Development

There are various indicators of development employed to compare the level of development countries or regions. The following are widely/frequently used in the Ethiopian context.

- ✓ GDP or GNP (Gross Domestic Product/Gross National Product) per capita.
- ✓ Illiteracy rate
- ✓ Infant mortality rate
- ✓ Expected life expectancy
- ✓ Population growth rate
- ✓ Percentage of population who have access to clean water
- ✓ Level of infrastructural development, etc.

Based on the above indicators, Ethiopia's present socio-economic features are treated as follows.

- ✓ GDP per capitalist is believed that Ethiopia's GDP per capita is one of the lowest in the world. PASDEP's target has achieved a growth rate of Ethiopia's GDP per capita status will join the middle in group countries with in the coming five years (2010-2015). The current status of Ethiopia's GDP per capita is estimated to be US \$344 per annum.
- ✓ Literacy rate: Like many of the less developed countries, the illiteracy rate in Ethiopia has been high. The literacy campaign that had under taken before 1991 contributed much to the ongoing task to eradicate illiteracy. Since 1996, the illiteracy rate has decreased by

50%. Welfare Monitoring Surveys Undertaken so far exhibits a sharp rise in gross school enrollment that considerably confirm the decline of illiteracy rate in the country. The current literacy rate of Ethiopia is said to be 42.7% in the year 2009.

- ✓ Infant Mortality Rate: Like in many developing countries, IMR in Ethiopia has been high. The UNDP 1997 census reveal that Ethiopia's infant mortality rate was 111/000 which even above the average of sub-Saharan countries (97/1000). The recent development strategies adopted to achieve growth and sustained development, has target to lower down the IMR to 47/1000 with in the coming five years.
- ✓ Expected life expectancy: the life expectancy of any country is the reflection of varied social, economic, psychological and other factors. In most developing countries life expectancy does not exceed 55 years. Likewise, in Ethiopia, it was 43 about ten years ago due to the prevalence of HIV impacts. The recent strategies adopted both in the primary health care services and supply of HIV/AIDS medicines extensively, the expected life expectancy in Ethiopia has reached to 55.8 years in 2009/10.
- ✓ Population growth rate: Rapid population growth with an average rate per annum has been one of the many threats to Ethiopia's development pace. Estimates or surveys reveal that 38,000 people are added to the population each week incurring high costs of providing additional services. Addressing this issue GTP the continuation of PASDEP has designed to slow the rapid population growth by applying spacing of births through health service institutions and extension package services
- ✓ Percentage of population with access to clean water: for many decades lack of access to clean water has been our people's serious problem. Most illness caused both in urban and rural areas are related to unsafe water.
- ✓ Based on the surveys made by a welfare monitoring organization, a greater proportion of rural population had been very far away from sources of drinkable water. Mothers and daughters were travelling long distances to fetch for water. By this; 32% of rural people get their water from unclean rivers and lakes and about 42% from unprotected well or spring. Only 14% used a protected water/well and 10% had access to a public tap water. In the last ten years, the establishment and rehabilitation of water supplies in rural and urban areas have been changing the picture.

- ✓ Level of infrastructural development: This indicator of development includes a vaguely of elements that promote the living standard of people. In our context; we here by examine the road networks, electric power supply, rehabilitation/ resettlement of pastoralists, access to health services and strengthen the urban-rural link.

In the last ten years under PRP (Poverty Reduction Programme), SDPRP (Sustainable Development for Poverty Reduction Programme) and PASDEP (Plan of Action for Sustained Development to End Poverty), significant measures have been made to change the picture and attain the millennium development goals. This is expressible by the:

- ✓ Expansion of the road network with a target of constructing almost 20,000 km of new road by 2010 (90% them in rural areas)
- ✓ Expansion of construction works for 514 towns and rehabilitation works for 228 towns to improve the living condition for the urban poor.
- ✓ Access to health services improving. The proportion of population living more than 20 km from a health facility has fallen from 20% of households in 1996 to 13% in 2000. Over half the rural population is now less than 10 km from either a health post or clinic.
- ✓ Electricity use is concentrated almost entirely in urban area. According to surveys, 989 percent of rural households and 24 percent of urban households do not use electricity. This situation has changed by reducing the problem by 17% in the year 2004/05. The target is to lower the problem by 50% in the year 2009/10.
- ✓ A special effort is under way to change the lives of the pastoralists who depend on grazing herds of cattle, camels and goats. These people are concentrated mostly in the dry lowland areas of Afar and Somali regions. In education, a network of informal community-based schools and teaching arrangements are being made. Special programs with improved veterinary services, marketing and early warning systems are under process. Water points adjacent to range areas for dry season utilization and small scale irrigation projects are underway.

5.4. Challenges and Prospects of Socio-Economic Development for Ethiopia

The ultimate goal of all economic planning and execution is growth followed by development. Achieving economic development has been a serious issue in many countries, especially in the

developing countries. Different programs and strategies have been adopted and pursued, but often their goals have not been achieved or else have not been sustained. This has been the case in our country since the early 1960s.

5.4.1. Challenges to Ethiopia's Socio-Economic Development

For about half a century, successive Ethiopian governments have launched economic development programs to reduce, if not to end, poverty. However, income poverty is widespread. Some 31 million people live below the poverty line, and between 6 and 13 million people are at risk of starvation every year. Also many people lack consumption access— which means that they are unable to purchase basic necessities, often for extended periods of time.

Despite improvements in the past few years, sustainable long-term growth remains a challenge. For example, the full potential of the most basic sector - agriculture - has not yet been realized. Our overall growth performance has not yielded the hoped-for reduction in poverty. The different factors hindering Ethiopia's progress (challenges) are interconnected and in combination constitute a “poverty trap” that prevents the country from breaking out of poverty. These factors are:

- ✓ Rapid population growth and the concomitant addition of 2 million persons per year is a major barrier to poverty reduction. For instance, this growth puts tremendous strains on Ethiopia's resource base and the government's ability to deliver services.
- ✓ Land-fragmentation: more than 50% of Ethiopia's small land holders have less than 2 hectares, which deters the use of modern agricultural input and large-scale farming techniques.
- ✓ Environmental degradation has caused frequent droughts.
- ✓ Very low productivity
- ✓ Low income
- ✓ Low levels of investment
- ✓ Dependence on unreliable rainfall
- ✓ Structural bottlenecks
- ✓ Lack of good governance and commitment to accomplishing tasks

- ✓ Low infrastructure coverage: although there have been significant improvements during the past 10 years, the level of infrastructure coverage remains remarkably low when compared to elsewhere in the world.

5.4.2. Prospects for Ethiopia's Socioeconomic Development

There has been encouraging progress in recent years in improving some basic aspects of life in Ethiopia. Since 1996, the literacy rate has increased by 50%, the rate of malnutrition has fallen by 20%, the share of the population with access to clean water has risen to 38% and there has been a steady decline in the reported incidence of illness. Nonetheless, human development indicators in Ethiopia still remain at low levels compared with global indicators. For example, Ethiopia's maternal mortality, is 673 per 100,000, in 2005/06, which is the highest in the world.

The way to overcome these challenges is to sustain the economic growth achieved in the last few years. Maintaining the priority of such growth is essential to finally having a lasting impact on poverty. This growth process is also essential for financing the necessary social investment for human development. Estimates show that a growth rate of about 8% per annum would have to be sustained to reach the Millennium Development Goal (MDG). This rate would require a great deal of revenue. Existing revenues are insufficient for financing the proposed MDG growth in essential health, education, infrastructure and other services. Therefore, the government requires a massive increase in tax revenue (particularly from the unproductive consumption sector) to achieve the required economic growth of about 6 to 8% per year that is required for meeting the goals of the Growth and Transformation Programme (GTP) period (2010-2015).

Furthermore, Ethiopia's strategy must be based on its most abundant resources: labor and the country's favorable climate (for instance for flowers and other crops).

In sum, progress is needed on every possible front including:

- ✓ proper utilization of agricultural potential;
- ✓ much more rapid development of the modern sector;
- ✓ exploitation of niche markets and opportunities wherever they present themselves;

- ✓ expansion of exports: in particular, diversifying exportable items to widen the economic base, reduce susceptibility to shocks and, in the long term, to reduce the prevailing dependency on foreign aid;
- ✓ promotion of better links between markets and producers to enable business to take place and to allow people easier access to essential services;
- ✓ promotion of capacity building regarding the work force's education and skills.
- ✓ slowing the existing rapid population growth; and
- ✓ proper utilization of the potential of Ethiopia's women, who constitute about 48.9 percent of the population.

5.5. Economic Relation

Many geographical and political factors drive countries to establish economic relationships with other countries, including:

- ✓ geographic factors, such as physiographic variation, that result in product variation.
- ✓ political factors such as political affiliations due to temporary or permanent common interests.
- ✓ economic factors such as comparative advantages.

Ethiopia's economic relationships are greatly affected by factors such as those. As a result, the nation has economic relationships with:

- ✓ neighboring countries,
- ✓ other countries.

5.5.1. Ethiopia's Economic Relationships with Neighboring Countries

Ethiopia has these relationships with its neighbors:

- ✓ Ethiopia has a long-standing economic relationship with the Republic of Djibouti.
- ✓ The Sudan has started a good economic relationship with Ethiopia by providing petroleum. It is hoped that this relationship will strengthen in the future.
- ✓ Due to the political instability prevailing in Somalia, economic relationships are minor.

5.5.2. Ethiopia's Economic Relationships with Countries Other than its Neighbors

The same factors that govern Ethiopia's economic relationships with neighboring countries affect its relationships with other countries. In addition, the nature of Ethiopia's export and import items as well as its trade policy and strategy influence the economic relationships that the nation establishes with distant countries. Another factor is Ethiopia's advantageous geographical proximity to countries of the Middle East, the Gulf, and Europe.

5.5.2.1. Exports

For decades, Ethiopia has had substantial economic relationships with Western Europe, the Far East and North America. Due to the economic reforms of 1993 and later periods, Ethiopian trade with these regions has grown, and its export destinations have widened to include other regions such as Central America. This expansion has led to greater earnings in foreign capital. For instance, the relatively new business of exporting cut flowers has created a major export commodity and has opened new markets for Ethiopia and brought in significant foreign earnings.

Regarding Ethiopia's export distribution in world regions, Europe was the leading export destination in the year 2006/07, taking 40.8% of the total value, and was followed by Asia, Africa and North and Central America, accounting for 33.5%, 15.5% and 5.8%, respectively.

In terms of individual trade-partner countries, the export major destinations for 2005 were:

✓ Germany	13.3%
✓ China	9.1%
✓ Japan	7.3%
✓ Saudi Arabia	6%
✓ Djibouti	5.9%
✓ Italy	5%
✓ USA	4.7%

Germany was the single most important destination for Ethiopian exports between 2004 and 2006.

5.5.2.2. Imports

According to the Ministry of Trade and Industry, Ethiopia's most important sources of imports in 2004/05 were the Middle East and Asia which, in combination, accounted for 57.5%. Next was Europe, at 23.1%. The third and fourth places were taken by North America and Africa.

As for the individual trading partners,

- ✓ Saudi Arabia's share was 9.5% in 2003 and 15.7% in 2005.
- ✓ China's share was around 9.6% in 2003 and 12.7% in 2007.

In general, Saudi Arabia and China are the two most important sources of imports for Ethiopia in recent years. The increase shown above in China's share resulted when China became a major source of lower-cost consumer goods and other basic manufactured items.

5.5.3. Duty-Free and Quota-Free Market-Access Opportunities

In the context of the World Trade Organization (WTO), Ethiopia, which is one of the developing countries, is expected to benefit from duty-free and quota-free market-access opportunities. For example, the People's Republic of China has granted almost all Ethiopian export products duty-free access to its markets.

Such opportunities will broaden Ethiopia's economic relationships and connect our nation with additional countries. This process will be facilitated by Ethiopia's advantageous geographical proximities to the Middle East, Gulf countries and European countries.

5.6. PASDEP (Plan for Accelerated and Sustained Development to End Poverty)

PASDEP is a document that describes the Plan for Accelerated and Sustained Development to End Poverty. It was Ethiopia's guiding strategic framework for the five-year period of 2005 – 2010. It represents the second phase of SDPRP, which covered 2001 – 2004, and it is the link to GTP, which was designed for 2010 – 2015.

PASDEP carries forward important SDPRP strategies related to:

- ✓ human development
- ✓ rural development
- ✓ food security
- ✓ capacity building

GTP also addresses these and other socio-economic issues.

Unfortunately, during its 5-year period, PASDEP was affected by a number of external and internal shocks including:

- ✓ less support than expected offered by donors
- ✓ poor rainfall
- ✓ the global financial crises that began in 2008/2009 and swept the whole world

The PASDEP process benefited from two round consultations with civil society, non-government actors, and partners. The strategy was also supported by a number of background papers and studies prepared by government ministries and independent Ethiopian experts. The strategy's bases included the MDGs Needs Assessment for Ethiopia.

The PASDEP Strategy

During the PASDEP period, Ethiopia continued to follow the important initiatives adopted under SDPRP (expanding education and strengthening health services, capacity building, decentralization, and the food security program). It also continued to pursue the strategy of ADLI (Agricultural Development Led Industrialization) but made important enhancements to intensify and commercialize the small-land-holding agricultural sub-sector.

The PASDEP program was based on these nine activities:

1. A massive push to accelerate growth. This strategy had two main thrusts:
 - i. Commercialization of agriculture, and
 - ii. Promoting much moral rapid non-farm private sector.
2. A more differentiated approach to agriculture, focusing on Ethiopia's very different agro-ecological area.

3. A renewed look at several-urban linkages and the urban agenda.
4. Addressing the population challenge by implementing the existing national population strategy and making services available for spacing births.
5. Unleashing the potential of Ethiopia's women. The goals were:
 - i. increasing the number of girls who complete their schooling
 - ii. improving women's health
 - iii. liberating girls' and women's time from the unproductive hours spent fetching water supplies.
 - iv. improving several telephone services
6. Strengthening the infrastructure's backbone – the road network, water supply, electric power supply, etc.
7. Managing risk and volatility. The goals were:
 - i. reducing repeated households cycles in and out of poverty that result from crop failure and major illness.
 - ii. reducing the impact of shocks on public finances and government programs
8. Intensive efforts to reach the MDGs. This goal included a major effort between the government of Ethiopia and its foreign-aid partners.
9. Creating jobs. In Ethiopia, especially in urban areas, unemployment is a serious challenge. The goals were:
 - i. managing the dynamics of population growth
 - ii. expanding labor-intensive production activities

REVIEW EXERCISES

CHOOSE THE BEST ANSWER FROM THE GIVEN ALTERNATIVES

1. Which of the following is **NOT** a possible reason why the mining sector is not well developed in Ethiopia?
 - A. The absence of economic deposits of minerals in Ethiopia
 - B. The low level of transport and infrastructure development
 - C. The fact that the mining sector is both capital and technology intensive

- D. Low domestic demand for minerals
2. Which of the following statements about Ethiopian agriculture is **NOT** correct?
- A. Most farmers depend on irrigation to increase their food supply
 - B. Only small proportion of farm products reaches the market
 - C. The land held by the farmers is getting smaller and smaller
 - D. A substantial proportion of farm products are consumed by pests
3. A sector that demonstrated a significant increase in its contribution to Ethiopia's Gross Domestic Product over the first decades of the new century is;
- A. Service B. Agriculture C. Mining D. Industry
4. What do you understand by the concept of "Economic Growth"?
- A. It is a measure of employment in the productive sectors of the economy
 - B. It is a measure of the value of output of goods and services within a given period of time
 - C. It is a measure of the welfare of human beings in a certain state
 - D. It is more or less the same as the concept of "Economic Development"
5. _____ is a term used to describe the minimum income level used for determining the proportion of a population living under poverty.
- A. Poverty trap B. GDP C. Poverty line D. GNP
6. Which country has been the single most important destination for Ethiopia's exports?
- A. Japan B. Germany C. England D. USA
7. _____ is development that meets the needs of the present generation without compromising the ability of the future generation to meet their own need;
- A. Economic Development C. Economic Growth
 - B. Sustainable Development D. Physical Growth
8. Which of the following is a common characteristic of commercial agriculture?
- A. Agricultural mechanization C. Low labor efficiency
 - B. Production of crops for domestic use D. Low external input
9. Which of the following minerals have been produced in Ethiopia since ancient times?
- A. Diamond and Opal C. Gold and Salt
 - B. Coal and Petroleum D. Copper and Platinum
10. Which of the following is **NOT** a challenges to Ethiopia's socio-economic development?
- A. Rapid population growth

- B. Unexpected weather changes
- C. Diversified climatic zones
- D. Low level of infrastructure