

# በሬታ BIRRITU

No 115

July 2013



The foreign exchange earnings obtained from the sector has been improving throughout the last decade. It went up from USD 9.6 millions in 2002/03 to 31.5 million in 2010/11 recording a 229.74 percent growth.

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# በጌቱ BIRRITU

## *Birritu No.115*

Birritu is a quarterly  
magazine published by  
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It presents in-depth articles, researches  
and news on banking, insurance &  
microfinance.

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**OPINIONS EXPRESSED IN ARTICLES DO NOT NECESSARILY REFLECT  
THE POLICIES AND STANDS OF THE NATIONAL BANK OF ETHIOPIA**

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## Editors' Note

It is a great pleasure to meet you, our esteemed readers, with the 115th issue of Birritu. Birritu as usual presents all its regular columns with various topics of interest.

Four news items, three research papers, two educational and informative items, and two items in the miscellanies section are here to inform, educate and entertain our readers.

Don't forget the value your feedbacks and comments add to the enrichment of the coming issues of Birritu. So, keep forwarding your comments and suggestions.

Enjoy your reading and for your feedbacks, use the following:

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## H.E The Governor Presented the Bank's 2012/13 9 Months Plan Performance to the Parliament



H.E Ato Teklewold Atnaifu, Governor of the NBE presented the Bank's 2012/13 nine months plan performance to the Budget and Finance Standing Committee of the House of Peoples' Representatives on 19th April 2013.

In his report the Governor explained that, at the end of the ninth month the annual headline inflation goes down to 7.6 percent from 32.8 percent the same time last year. He also said that the government's borrowing from the central bank was in line with the policy to counter inflationary pressure.

Efforts have been made to enhance domestic savings and adequate finance is allocated to priority

sectors.

Out of the 45.1 billion Birr loan allocated for the year to finance the priority sector, Birr 30.4 billion or 67.3 percent of the loan has been dispersed and the remaining amount will be taken in the remaining three months of the budget year. As indicated in the report, it has been possible to maintain a foreign exchange reserve adequate to cover 2.2 months of import.

The financial sector continued to expand during the review period and it was safe and sound. The number of branches has increased and the sector is becoming more accessible to

the people. When compared to the same time last year, branches have significantly increased their deposits, loan disbursement and loan collection. Their profitability has also increased significantly

Following the report various questions were raised from the members of the Budget and Finance Standing Committee to which the Governor gave further clarification. Finally, the Committee commended the Bank for its satisfactory performance and advised the Bank to sustain the accomplishment in the remaining months of the budget year so as to fully realize the plan.



## **NBE Awarded Afcor a contract to update hardware, software and data base system.**

The National Bank of Ethiopia (NBE) awarded Afcor PLC a contract that worth close to one million dollar to acquire a hardware and database solutions. Afcor PLC, the local agent of IBM, will supply the hardware and related services to be used in the newly introduced core banking system. According to the IT Directorate of the NBE the company also provides post-delivery support and maintenance services of hard wares and installation.

It is remembered that six months ago, NBE awarded a contract to the Indian company, Polaris, to replace the bank's old system.

Afcor PLC is expected to install the hardware, including the service, by the end of May 2013. According to the project coordinators, the new system is high in capacity and modernity as compared to the old one. The technology infrastructure is expected to handle operations specific to the bank, including payments and settlement of government accounts, money issuance and management of the country's foreign currency reserve.

## **Insurance Companies to Raise Paid Up Capital Ten Fold**

The National Bank of Ethiopia (NBE) has issued a Directive aimed at increasing the minimum paid-up capital required to establish an insurance company that carry on both general and long term insurance to Birr 75million. This is more than a tenfold increase when compared with the previous requirement of Birr 7million.

The Directive circulated to all insurers entered

into force on April 15, 2013. Signed by H.E. Teklewold Atnafu, Governor of the National Bank of Ethiopia, the new Directive stipulates the minimum paid up capital required to carry on general and long term insurance to Birr 60million and Birr 15million respectively. Previously, an insurance company that plans to operate general insurance business was required to mobilize Birr 3million, and Birr 4million was needed for long term insurance business.

Insurance companies in operation that have paid up capital below the new requirements are expected to comply with the requirement until December 31, 2015, according to the Directive.

According to Ato Temesgen Zeleke, Director of the Insurance Supervision Directorate of the NBE, the 1994 proclamation allowed private companies into the sector, and the low paid-up capital was meant to encourage their involvement. According to him rising the paid up capital is timely and contributes towards the development of the industry.

Currently, There are about 300, 000 insurance clients of which 95percent are being accounted for general insurance that also takes around 93% of the total premium production leaving the balance for life insurance.

At present, 16 insurance companies with their more than 264 branches are operating in Ethiopia.

## **NBE Held 17th In-House Presentation Forum**

The National Bank of Ethiopia (NBE) held the 17th In-House Presentation Forum on April 19, 2013 in the premises of the Bank.

While opening the forum, Vice Governor of Corporate Services, H.E Ato Yemane Yosef



noted that the in house presentation forum is a learning forum among members of research groups. He added that the forum serves as a perfect stage to present research papers so that the bank's management, the research staffs and interested individuals help further crystallize the findings. The researchers are also expected to utilize the inputs to assist the bank in achieving its mandate of contributing to macro- economic stability and growth.

The Vice Governor further stated that, the research papers are very informative and educative in that go deep in to identifying not only challenges but also highlighting the best practices of other countries.

Acting Director of Domestic Economic Analysis and Publication Directorate, Ato Befkadu Gashaw on his part said that the forum will help

to enrich the research papers and the overall aim is to secure a high quality economic research for the development of the bank, in particular and for the development of our country in general.

At the 17th In- house presentation forum, five papers highlighting fruits & vegetables export in Ethiopia; impacts of trade liberalization on export & import balance of trade & growth; the relationship between exchange rate and trade balance in Ethiopia; modeling & Forecasting bank reserves; budget deficit financing in Ethiopia, were presented by the participants.

Researchers, Directors and other invited staff of the bank were in attendance at the day-long forum. ■

**Jealousy is both reasonable and belongs to reasonable men, while envy is base and belongs to the base, for the one makes himself get good things by jealousy, while the other does not allow his neighbor to have them through envy.**

**Aristotle**

# Fruit and Vegetable export of Ethiopia: Performance and Constraints

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### Abstract

*The paper is conducted with the objective to study the performance of fruit and vegetable export of Ethiopia and to identify major constraints behind, using descriptive data analysis techniques. Using data from the period 1993/94-2010/11, the study indicated that the performance in the sector has been constantly low. Over the last few years, the export of fruit and vegetable has been improving but not rapidly. In addition, its trend lack consistency & characterized by a slight fluctuation year on year basis. On the other hand, low quality, poor post-harvest handling, lack of organized market information system, high air freight cost, and lack of coordinated work among stakeholders are found to be some of the major constraints in the sector. Finally, the researcher recommends the Ministry of Agriculture to add additional effort to improve production and productivity, and to recruit effective market oriented farmers if possible. The Horticulture Development Agency, on its part, should integrate those effective farmers with processors and/or exporters by giving some technical assistance.*

## 1. Introduction

Developing countries have a comparative advantage in agriculture, and increased agricultural export can help them address balance of payments problem, reduce debt burden, and import capital goods and technologies they need to move up the development ladder.<sup>1</sup> Among these agricultural commodities, fruits and vegetables is one possible source of export earnings for many developing countries owing to the presence of abundant labor, land, access to water, suitable climate & topography etc. Moreover, it becomes the major source of foreign exchange for countries like China, India, and Kenya and so on. In addition, due to its labor intensive nature, it creates a good employment opportunity.

According to World Bank (2005), trade in fruit and vegetable products is most dynamic

areas of international agricultural trade and for developing countries trade in these products has been attractive in the face of highly volatile or declining long-term trends in the prices for many traditional export products.

Generally speaking, Ethiopia has been generating consistently low earning from the export of goods and services. The country's export remained highly dependent on the production and exports of few primary commodities. Recent export performance has been encouraging, but continues to rely heavily on few commodities. However, reliance on a small number of export products increases the sector's vulnerability to international market shocks. Many empirical literatures ascertain that, diversifying the export base away from dependence on few commodities to more is highly significant to increase the foreign

<sup>1</sup> Kimberly Ann Elliott, 2006, Delivering on Doha : Farm Trade and the poor ,  
institute of international Economics



exchange earning which the nation requires to import essential product like machineries, raw materials, medical equipment, fertilizer etc.

In this regard, Ethiopia has a good potential for the production of high-value export product like fruit and vegetable that can be competitive in the international market.<sup>2</sup> Many studies provide evidence about Ethiopian potential in the production and export of fruit and vegetable. The wide range of altitude, ranging from below sea level to over 3000m above sea level, gives it a wide range of agro ecological diversity ranging from humid tropics to alpine climates, where most types of vegetable crops can be successfully grown. Further, the abundant labor, vast land and water resources give an opportunity for the production of different types of vegetable crops.<sup>3</sup> With these good agronomic and climatic conditions, Ethiopia has the potential to produce fruit and vegetable throughout the year.<sup>4</sup> However, both the export performance and the constraints involved in the sector have not yet been empirically explored. These have interested the researcher to conduct this particular research.

## 2. Literature review

### 2.1 Ethiopian potential in the production and export of fruit and vegetable

Ethiopia has a huge potential in the production and export of fruit and vegetable. World Bank mission held in February 2004, to carry out an export potential study, shows that Ethiopia has immense potential in the production and export of horticulture products. According to the study, of these horticulture products, fruits and vegetables sector is one of the main possible sources of foreign exchange for the country.

The climate, various soil types and access to water make Ethiopia favorable for growing fruits and vegetables. Major exportable fruits include citrus, banana, mango, papaya, avocado, guava, grapes, pineapple, passion fruit, apples and strawberries. Vegetables include potatoes, cabbage, cauliflower, okra, eggplant, tomato, celery, cucumber etc.<sup>5</sup>

Increase in consumer demand for fresh fruits and vegetables, has opened a niche for African countries. High altitude regions of some African countries like Ethiopia, Kenya, and Uganda possess suitable climate for growing cool season crops requiring mild temperatures. In addition, rising costs of greenhouse heating and labor coupled with pricing pressure in an increasingly global economy have made tropical countries a favored alternative for producing greenhouse crops.<sup>6</sup> Furthermore, the Joint report of FAO/WHO workshop (2004) reveals that Ethiopia has highly-diversified agro-ecological conditions which are suitable for the production of various types of fruit and vegetables. The report also mentioned that although the country is endowed with such potential, the contribution of the product both to the diet and income of Ethiopians is insignificant.

In Ethiopia there are opportunities to cultivate and export fresh produce to the Middle East and the EU-markets. For small scale growers there is a good potential to increase the exports of fresh fruits and vegetables to the neighboring countries such as Djibouti, Sudan and Somalia. In these countries there is a sustained demand for products such as chilies, onions, cabbages, bananas, mangoes, etc.<sup>7</sup>

5 Ethiopian investment agency, 2010, Agriculture Opportunities

6 Singh, B.P. 2002. Non-traditional crop production in Africa for export p. 86-92, J. Janick and A. Whipkey (eds.), Trends in new crops and new uses. ASHS Press, Alexandria, VA

7 Advance Consulting assists companies from the Netherlands and abroad, 2011, Exporting fruit and vegetables to Ethiopia

2 See World Bank ,2004, draft on the 'review of manufacturing activities with High Value Exports growth potential in Ethiopia'

3 Uganda Journal of Agricultural Sciences, Vol. 12 No.2 Sept 2006, Status of Vegetable Production in Ethiopia

4 USAID, 2009, Success story :Ethiopian horticulture producers enjoy new export



## 2.2 World demand

Global fruit and vegetable consumption increased by an average of 4.5% per annum between 1990 and 2004. This was higher than the world population growth rate, meaning that the global per capita consumption of fruit and vegetable has also increased. Consumption is still lagging behind the minimum levels set by the WHO, but the situation is improving. Economic growth should facilitate consumption growth as consumers tend to diversify their diet as income rises.<sup>8</sup> According to the FAO report, the combination of increasing population and improving diets has driven up the global demand for food.

In view of the comparative advantage of many African countries in producing them, they offer substantial prospects for further export growth in the sub-Saharan Africa due to the relative proximity of the large and growing consumer markets of Europe and the Middle East, as well as the potential increase in demand on the sub regional and domestic markets.<sup>9</sup>

## 2.3 Lessons from other developing countries

### India

India is one of the largest producer and exporter of fruit and vegetable. Fruit and Vegetable had become an important source of foreign exchange for the country. Exports of fruits in quantity terms increased from 102 thousand tones in 1991 to 488 thousand tones in 2005 and in value terms this increase is Rs. 348 crore in 1991 and Rs. 3,404 crore in 2005.<sup>10</sup>

<sup>8</sup> European Commission directorate-General for agriculture and rural development, directorate G. Economic analyses and evaluation, G.5Agricultural trade policy analysis, 2007, Agricultural commodity markets past developments, fruit and vegetables

<sup>9</sup> Surabhi Mital ,2007,Can horticulture a success story for India?: Indian Council for Research on International Economic Relations

<sup>10</sup> Surabhi Mital ,2007,Can horticulture a success story for India?: Indian Council for Research on International Economic Relations

There are so many factors for the success of India's. First of all; they manage to raise the production level and production has spread over many states in the country. Secondly, yield\_which plays significant role in enhancing production and cutting down costs of production was also amplified. Finally, enormous government efforts which give much attention and measure contributed a lot. The government develops different schemes to enhance yield. These includes: the Central Sector Scheme on Integrated Development of Tropical, Arid and Temperate Zone Fruits, The Central Sector Scheme on Production and Supply of Vegetable Seeds, A scheme of the National Horticulture Board, The National Committee on use of Plastics in Agriculture (NCPA), Scheme for Post-Harvest Handling.<sup>11</sup>

### Peru

While coffee remains Peru's most important agricultural export crop, more than 60 percent of all agricultural exports are now fruits and vegetables .Over the past two decades, Peru has emerged as a significant fruit and vegetable exporter. Peru's fruit and vegetable exports were close to U.S. \$1.2 billion in 2009. This rise in exports was driven by advantages in climate, low production costs (Relatively low labor costs), preferential trading arrangements with major countries (signing of several free trade agreements, for example, with US, EU, China). In addition, the government of Peru created a business and investment-friendly environment.<sup>12</sup>

<sup>11</sup> See M.Dhatreyulu,1997, Export potential of fruit ,vegetable and flower from India: National Bank for Agriculture and Rural Development, Mumbai

<sup>12</sup> Birgit Meade, Katherine Baldwin and Linda Calvin, 2010, A Report from the Economic Research Service: United States department of agriculture (USDA)



## Kenya

As Surabhi Mital (2007) posited, Kenya develops a strategic horticultural development plan starting around 1974. Afterwards, Kenyan fruit and vegetable production and exports began to grow more rapidly. After peaking in 1977, coffee and tea prices in the international market fell sharply in the following years, forcing many farmers to look for alternative income-generating crops. At the time, fruit and vegetable had become an important option for them. Overall, fruit and vegetable exports rose to US\$95 million in 1990 or 8 per cent per year in real terms over the period 1974-90. Whereas fruits and vegetables accounted for about 3 per cent of agricultural export earnings in the 1960s and early 1970s, by 1990 its contribution had reached 14 per cent. According to the Export processing zone authority of Kenya (2005) by the year 2003, fruit and vegetable exports amounted to US\$260m, or 15% of Kenya's total export economy. This impressive growth has undoubtedly contributed to increased rural incomes and reduced rural poverty, through both direct production effects and linkage effects, as horticultural incomes from export are re-spent.

The main factors behind the success of Kenya in horticulture in general are; investment in irrigation, agricultural research and extension, linkage of small farmers to high-value urban and export markets, policies which promote private and international investment, macroeconomic stability and realistic exchange rates, a continuous process of institutional innovation at two levels. First, institutions which address sector-wide externalities and coordination problems. Second, marketing institutions which improve vertical coordination between farmers and trader/processors, the role for the government in enforcing contracts

between buyers and growers, the Kenyan government effort in promoting a wide range of private marketing institutions such as the Fresh Produce Exporters Association of Kenya (FPEAK), establishment of local producer associations are some of the reasons behind Kenya's success.<sup>13</sup>

## 3. Finding and Analysis

### 3.1 Export performance of fruit and vegetable

Understanding its immense role to the economic growth of the country, the government is currently giving attention for the export sector. In the Growth and Transformation Plan of Ethiopia/ 2010/11-2014/15/, exports of goods are expected to grow by 36.6% in 2010/11 and with the annual average growth rate of 28.4% in the remaining period.

On the other hand, sustainable export growth requires diversifying the export commodity base to protect the sector from international price and demand shock. As clearly shown in the literature review part, Ethiopia has a real potential for the production of fruit and vegetable which can be competitive in the international market and earn foreign exchange that could contribute much to the development of the sector.

However, for so many years, the foreign exchange earnings from these products has been consistently low, particularly, up until 2000/01. During those periods, the country has been earnings a value less than 7 million dollar per annum. By the same token, between the period 1993/94 – 2000/01, the yearly export proceeds from fruit and vegetable

13 Nicholas Minot and Margaret Ngigi, 2004, Are Horticultural Exports a Replicable Success Story? Evidence from Kenya and Côte d'Ivoire : International Food Policy Research Institute

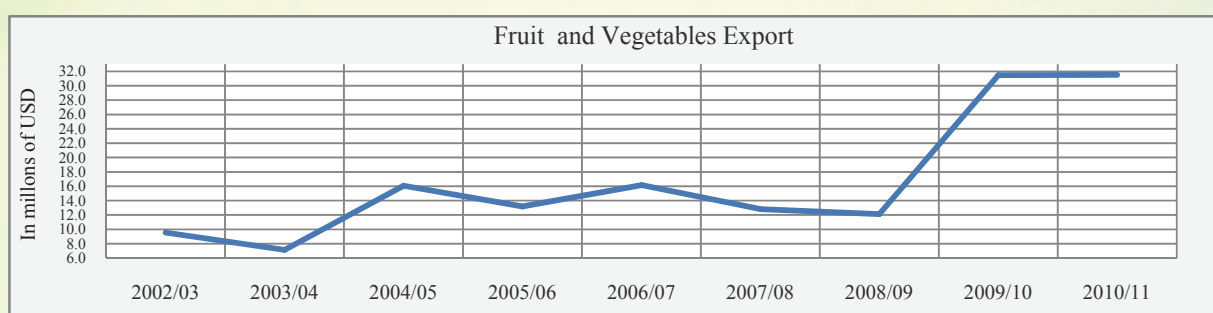


was, on average, USD 4.4 million. However, in the subsequent period, the number turns to a relatively bigger value.

The export constitutes fresh produce and very small amount of processed products. In recent past years, foreign trade in the sector has become, relatively, steadily more important. As indicated in the figure below, though a slight fluctuation, the foreign exchange earnings obtained from the sector has been improving throughout the last decade. It went up from USD 9.6 millions in 2002/03 to

in 2010/11. For the past 5 years, the volume and value of export has been increasing, on average, by annualized growth rate of 8 and 6 percent respectively. On the other hand, in the year 2007/08 and 2008/09, Ethiopian's supply of vegetable to the international market reduced drastically. Indeed, the decline in the volume of export is directly reflected on the foreign exchange earning of the country. As a result, earning reduced from 14.3 million of USD in 2006/07 to 9.6 and 8.9 millions of USD in 2007/08 and 2008/09 respectively. However, after 2008/09, the volume of

Fig .1 Value of fruit and vegetable export



**Source:** National Bank of Ethiopia

31.5 million in 2010/11 recording a 229.74 percent growth.

Although the sector has been slightly improving, its contribution to the total foreign exchange of the country remains bleak, for instance in 2010/11 the share of fruit and vegetable export earnings from the grand total was 1.1 percent.

### 3.1.1 Vegetable Export

In 2005/06, the volume of export of vegetable was 26.3 million kilogram. In 2010/11, however, it reached 54.8 million kilogram recording a 108.2 percent increment. The foreign exchange earnings, which was USD 11.1 million in 2005/06, is also surged up by 147.5 percent to reach USD 27.5 million

vegetable export recovered and increased sharply by annual growth rate of 91.8 and 42.8 percent in 2009/10 and 2010/11, respectively.

The researcher has also examined the performance of some of the major exportable vegetables like Onion, Tomatoes, Cucumbers and Gherkins, Cabbage and Potatoes, between the periods 1998-2010. The export of those vegetable had been showing substantial improvement. In fact, looking at the trend, it was characterized by slight fluctuation on a year on year basis. On the other hand, Djibouti was the dominant export destination which almost imports the entire share. Despite their insignificant share, Ethiopia also exports to countries like Sudan and Somalia from Africa; United



Arab Emirates, Saudi Arabia and Israel from Asian; Netherlands, Germany, Austria and United Kingdom from Europe; United States and Canada from America; and to Australia from Oceania as well. As far as the relative international price is concerned, it is relatively very attractive in Middle East and European countries.

### 3.1.2 Fruit Export

Between 2005/06-2010/11, beginning from a very low level, the supply of fruit to the international market grew with an average growth rate of 17.6 percent per annum. According to National Bank of Ethiopia, in 2005/06 total fruit export was 6.5 million kilogram. By the year 2010/11, the figure reached 13.3 million kilogram. In the meantime, the foreign exchange earnings surged up from 2.1 million USD to 4.0 million USD. To show the performance of the sector in a little more depth, the researcher looked at trends of some of the major exportable fruit variety in the country.

Accordingly, Papaya, Banana, Mangoes and Mangosetens and Guavas, Orange have been showing progress over the past decade. Similar to vegetable export, export of those

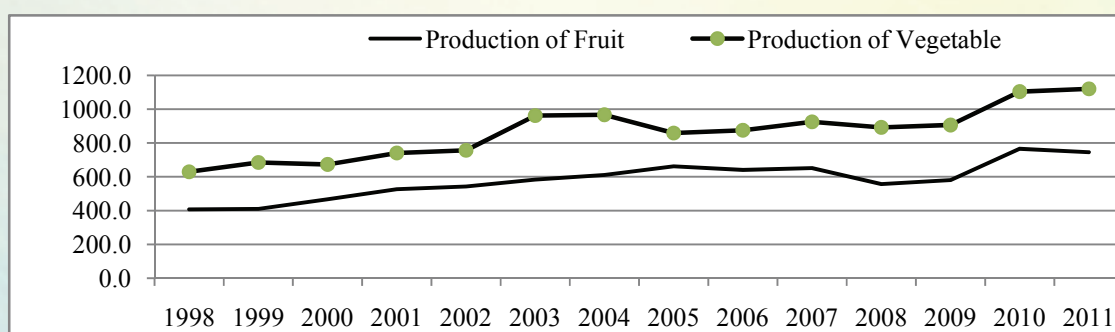
fruit was highly concentrated to the Djibouti market. For instance, almost more than 95% of Papaya and Mangoes and Mangosetens have been exported to this market. Although Djibouti imports the lion share, as far as the price they are paying is concerned, it is the lowest as compared to many other countries. It is relatively better in United Arab Emirates and Saudi Arabia than Djibouti.

### 3.2 Production of fruit and vegetable

With a growing world demand, other things remaining constant, raising the volume of export is pivotal in order to increase earning. But, this doesn't mean that attention should not be given to quality, packaging, appropriate storage, building up of cold chains and so on. In this regard, boosting production will by large improve volume of export. In addition, it averts domestic shortage which probably pass-through to domestic price.

According to FOA statistical database which is produced by Food and Agriculture Organization of the United Nations, the production of fruit and vegetable has been showing a promising improvement, with a slight fluctuation. The chart below shows the production of selected fruit and vegetable.

Fig .2 Productions of fruit and vegetable (In thousands of tone)



<sup>1</sup>Fruits refers to only sum of some of major exportable fruit .These are orange, papaya, Citrus fruit, mango manogsteen& guavas and banana

<sup>2</sup>Vegetables refers to only potato, tomatoes, cabbages & other brassicas, Cucumbers and gherkins and onions (inc. shallots) both green and dry



As the chart reveals, the production of vegetable is higher than fruit. Though not sufficient as far as the country's potential is concerned, clearly, the production of major exportable fruit and vegetable is making a good progress. Apart from this, high variability is observed in the amount at the same time in pace of growth of production between different varieties.

Except few years, the production of fruit has been constantly increasing. Banana has shown a successive growth all over the past decade, with a decline only in 2008 and 2009. In the meantime, with a decline in only four different years, orange, papaya and citrus fruit showed a constant positive trend. Whereas, the production of mangoes, mangosteen and guavas grew constantly in the initial period/1998-2003/, but latter, except in 2007, where it increased by 14.6 percent, it declined throughout 2004-2009. However, it starts to recover in the subsequent years. Among the five types of fruit we have selected previously, production is higher for papayas followed by banana and mangoes, mangosteens & guavas. Citrus fruit, however, experienced the lowest production. On the other hand, looking at the pace of growth,

the highest growth had been observed for orange, followed by banana. The pace of growth was relatively lower in mango.

Meanwhile, though not rapidly, the production of most traded vegetables has been increasing constantly, with a slight fluctuation. This has been observed in cucumbers & gherkins, cabbages & other brassicas, and onions. In contrast, the production of tomatoes was declining particularly in the period 2003-2007.

### 3.3 Yield

Increasing the productivity is crucial to enhance production in general and export volume in particular. As we have seen in the literature review part, one of the enormous efforts India made to enhance export was raising yield. According to FAO statistical database, Ethiopia was unable to raise the productivity of fruit and vegetable significantly. Down here, for instance, yields of some export items are presented in a table. With the exception of oranges and Cucumber & gherkins, yield in all fruit & vegetable were not encouraging. In some items like tomatoes it has been further reduced.

Table 1 - Yields of some of the major exportable fruit and vegetable

Years	Bananas	Mangoes, mangosteens, guavas	Citrus fruit, nes	Papayas	Oranges	Onions (inc. shallots), green	Potatoes	Tomatoes	Cabbages and other brassicas	Cucumber and gherkins
1998	76,350	130,000	60,000	200,000	67,500	100,000	76,042	123,256	90,909	118,605
1999	79,906	137,236	66,462	184,342	69,838	99,338	76,546	115,016	100,000	119,111
2000	66,667	150,000	60,606	200,000	71,066	99,466	77,000	123,623	105,176	119,767
2001	65,000	150,000	61,585	200,000	71,429	101,765	92,222	125,000	96,296	122,000
2002	60,870	150,566	61,469	200,000	71,298	86,585	104,872	116,748	100,173	175,000
2003	60,224	150,000	62,039	207,190	49,791	100,000	93,349	145,895	88,889	303,000
2004	63,366	130,435	65,444	208,000	56,085	91,691	98,595	123,861	89,474	206,444
2005	75244	107488	78510	249181	90547	58598	72801	73949	85714	131356
2006	74909	90909	70641	177165	193521	55093	72801	72917	78520	123651
2007	66215	168698	67525	131047	126014	65186	71914	70496	66300	146038
2008	66864	118853	58947	141195	120250	71347	79724	87115	82116	160323
2009	70929	108443	62991	170850	126269	99000	79822	75676	81955	146667
2010	84856	101240	73187	198317	168124	89058	82015	88474	83348	165833
2011	97400	86220	70253	190482	199917	120044	72150	119265	109877	222687

Yield (Hg/Ha) Source: FAOSTAT



### 3.4 Positive efforts made to support the sector

Understanding the sector's huge potential as a possible source of foreign exchange, employment opportunity and income for rural farmers, the government of Ethiopia has given due emphasis to horticulture developments starting from the past few years. By the same token, fruit and vegetable, which is part and parcel of the horticulture sector, have got relatively better attention than before. Some of the positive works done include;

- ◊ Government's business friendly approach to investors investing in the area
- ◊ The launching of Horticulture Development Agency in 2008
- ◊ Everyone who is investing in fruits and vegetables is entitled for tax holiday for at least a minimum of five years.
- ◊ Though there is still a lot of works to do, there are efforts to solve infrastructure problems like water, road, electricity and the likes.
- ◊ The establishments of Ethiopian Horticulture Producers Exporters Association in September 2009. In fact, from those who participate in the association only around ten percent of them are involved in F&V export. But, it is still a good step.
- ◊ Establishing a separate project for individual variety- organic banana project, the on-going project implemented in Arba Minch, is doing a lot of promising work in providing seed & propagating material, giving technical training on production & post-harvest handling. Though it

remains bleak, they provide market information as well.

- ◊ Duty free export

These are some good beginnings but still huge efforts are required to exploit our vast potential. As far as our potential is concerned, the country lags far behind. The writer of this paper wants to make clear that the aforementioned efforts are the major ones not the only works done. However, at least, they give a bird's eye view for the reader.

### 3.5 Constraints

Despite the above efforts, there are still many constraints that should be solved in the future to achieve a great success and to help the sector to emerge as one of the major non-traditional agricultural export of the country. These constraints include;

- ◊ Lack of organized market information system
- ◊ Low quality of production and absence of post-harvest handling services;
- ◊ Export to neighboring countries is by large dominated by small scale producers. Most small scale farmers are unable to meet the requirement in the EU & Middle East market owing to much attention to food safety in those countries. That is why the Ethiopian export is largely went to Djibouti with relatively low price. The export of Ethiopia to the EU market is all in all dominated by Medium & large scale commercial producer. Whereas, in the Middle East market, few small scale producer get the room to participate due to relatively loose requirement than the EU market.



- ◊ Limited involvement of investors in the sector
- ◊ Poor linkage between local farmers with the export market
- ◊ Lack of quality standards; in this regard, there is little or no problem for commercial producers & out growers who produce with the request & guide of commercial producers. However, small scale marginal farmers lack standard & quality guideline which possibly hinders their integration with exporters & processors as well as their international competitiveness.
- ◊ High freight cost: exporters are compelled to send only those fruits & vegetables that have high price but low volume due to higher freight cost. Furthermore, the high freight cost is reducing their competitiveness in the international market. This specially makes it difficult to exploit the Middle East, EU & other distant markets. In addition to high freight cost, Ethiopian Airport Enterprise lacks cold rooms for fruit and vegetable.
- ◊ Limited investment in agricultural research and development
- ◊ Lack of sufficient skilled manpower /horticultural specialists/- Though students have begun to graduate in horticulture beginning from the past few years, they are limited in number. In addition, they lack practical knowledge.
- ◊ Lack of coordinated work between stakeholders such as agricultural extension department of the ministry of agricultural and rural development, Horticultural Development Agency,

Ethiopian Custom Authority etc.

To come up with real problem in the sector, it requires a comprehensive study especially of survey type. Thus, the researcher tried to include findings from the previous study. Accordingly, from the works of Frank Josten, Doctor Dave.B, Doctor Lema Desalegn, Bekele Wolde, major constraints of the Ethiopian fruit and vegetable sector are identified as follow:

- ◊ Low volume and quality of production
- ◊ Low productivity due to diseases and pests
- ◊ Lack of improved technologies
- ◊ Inadequate supply of input
- ◊ Lack of credit facility to rural small farm holder
- ◊ Lack of storage & packaging facilities for small holder

### 3.6 Lessons for Ethiopia

Clearly, fruit and vegetable export of Ethiopia is very low as compared to other developing countries. As we have seen in the literature review part, India export volume of fruit in 2005 was 488 thousand tones while Ethiopian export in 2010/11, which is the highest of the period (2005/06-2010/11), was 13.3 thousand tones. Similarly, from the export of fruit and vegetable, Kenya obtained a foreign exchange amounting US\$260m in 2003 whereas, in Ethiopia it is still (2010/11) US\$31.5m. Moreover, Peru's fruit and vegetable exports were close to U.S. \$1.2 billion in 2009 which is slightly higher than half of the 2009/10 total export earning of Ethiopia.

Other countries focus on the growth of



fruit & vegetable export through enhancing production, introduction of new production technology, appropriate post-harvest handling, exploiting the potential in all regions, increased participation of small and marginal farmers in an organized manner, farmers trainings, enormous government efforts in supporting the sector, developing marketing infrastructure, granting different incentive to investors and exporters involved in the sector, preferential free trade agreements with major market destination, research and development, credit extension facility for instance providing input on credit basis, slight airfreight discount to selected high value products. These are not the only lessons Ethiopia should learn to achieve fruitful success in the sector. But, the researcher believes that, at least they will move the sector one step forward if they are applied properly. In fact, some of them have already begun but need future development.

## 4. Conclusion and Recommendation

### 4.1 Conclusion

The growing government interest in horticulture exports reflects the search for diversified non-traditional agricultural export in order to expand the foreign exchange earnings. With the huge potential and comparative advantage in fruit and vegetable, the sector will likely emerge as a major export sector if the government players in the sector work hard and determinedly.

According to the study, the performance in the sector has been persistently low. In addition, the study also indicates that, the export of fruit and vegetable, somehow, expanded in the recent past years. Despite its improvement, its contribution to the total foreign exchange earning of the country

remains low. At the same time, it is very low as compared to other countries with more or less similar export potential.

In addition, the export outlets are very narrow, mainly concentrated to the Djibouti market. This market is by large dominated by smallholders. Neighboring countries markets such as Sudan and Somalia; Middle East and the EU-market has been poorly exploited.

Most trade to neighboring countries is dominated by smallholders & trade to EU and Middle East market by commercial farmers. Since export to the latter market is insignificant, we can infer that, the roles of commercial farmers in the export sector are limited and need further improvement.

On the other hand, production of major exportable fruit and vegetable has been improving steadily though subjected to variation among different types. On the contrary, yield in selected fruit and vegetable does not show any significant progress.

There has been various government efforts adopted in the past few years but still are not sufficient enough to exploit the potential. There are sector wise constraints like low production & quality produce, absence of post-harvest handling and lack of sufficient skilled manpower in the sector as well as external constraints such as high freight cost, poor market information, limited access to credit and lack of coordination between major stakeholders like the Ethiopian Horticulture Development Agency, the Ministry of Agricultural and Rural Development, Ethiopian Revenues and Customs Authority, etc.

### 4.2 Policy Recommendation

Developing the sector requires the combined and continuous efforts of different



stakeholder's. To this end;

- ◊ The Agricultural Extension Department of the Ministry of Agriculture and Rural Development should design different schemes or programs to bring about meaningful improvement in production and productivity. Through, for instance, establishing training center or nurseries for farmers in all potential area, introducing different production technology, giving technical assistance, facilitating use of irrigation etc....finally, if possible the department should identify effective market oriented farmers.
- ◊ Knowing these information closely, the Horticultural Development Agency on its part should work hard to integrate these effective farmers with exporters, disseminate market information to farmers & exporters, give assistance in post-harvest handling, provide a cooled storage facility , and packaging service .If these found to be costly ,it may be done with the participation of the private sector .
- ◊ The shelf life of the product is too short. Thus, Ethiopian Revenue and Customs Authority and Ethiopian Airport Enterprise, on their part, have to solve delay in their service. In addition, they have to have a cold room for perishable product. In fact, an Ethiopian airline already has the facility for flowers, but not for fruits

and vegetables.

- ◊ The Ministry of Trade should put additional effort to come up with different preferential free trade agreements with major market destinations especially for potential high value export commodities like fruit and vegetable.
- ◊ Setting high freight cost has an opportunity cost i.e. the foreign exchange earning that would have been earned if the freight cost were low. Consequently, the Ethiopian Airport Enterprise should try to look ways to reduce the freight cost so as to encourage the export which is one of the driving forces for economic growth.
- ◊ In addition, sea freight should be used as an alternative means of transporting due to its advantage to handle the bulky nature of the product
- ◊ Designing a separate project for selected high varieties of fruit and vegetable is very much important to enhance the sector owing to relatively higher advantage in solving specific problem existed in the area.
- ◊ Finally, the government should provide incentive, for instance providing input on credit basis, for producers as well as exporters.

**Courage is the first of human qualities because it is the quality which guarantees the others.**

**Aristotle**



# Ethiopian Microfinance Sector: Growth, Socio-economic Impacts and Challenges

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## 1. Introduction

Unlike conventional banks, microfinance institutions provide diverse micro financial services as well as nonfinancial services, so as to address the diverse socio-economic needs of the poor who cannot afford collateral requirement of other formal financial institutions. Literatures have witnessed that microfinance plays indispensable role in poverty reduction, inclusive and equitable development, gender equality and HIV Aids. This is because they serve economically and socially deprived groups of the society; they play not only financial intermediation role but also consultancy role in entrepreneurial skills; personal financial management and business plan development. Moreover, they empower and bring women and deprived groups together and let them share socio-economic information and knowledge as mostly they use group lending model. As result, micro financial services not only raise income of deprived groups, but also improve their health and level of education, and their influence on public decisions; these all credit their vital social role. Thus, it contributes a lot for human development which is an increasingly important sphere of development.

Countries may show high average growth rate, but in most countries the question of equitable distribution of income remains unanswered. Lack of equal financial access is one of the biggest reasons for high income inequality which, in turn, leads to crime and political instability which hampers the processes of economic development. These days, those countries which have introduced microfinance into their policy domain have

reduced income disparity substantially; meaning these countries have successfully reduced poverty (Hisako Kai and Shigeyuki Hamori, 2009). Thus, microfinance institutions became one of vital tools to ascertain inclusive/equitable and sustainable development. As a result, the importance of microfinance for poverty reduction has got momentum in the policy agenda of several countries like Ethiopia.

Since 1990s, reducing pervasive poverty and ensuring human development have been the objectives of the Ethiopian government. Accordingly, Ethiopian government has implemented various types of poverty reduction programs; such as micro and small enterprises development, access to finance, and different donor aided programs; and as a result, proportion of population below poverty line has declined steadily to 29.6 percent in the year 2010/11 (Ministry of Finance and Economic Development, FDRE). In this respect, the government of Ethiopia has a firm belief in pivotal role of microfinance in poverty reduction. Thus, microfinance is considered as one of the important tools for combating poverty by supplying credit for productive poor and giving them opportunity to save; thereby ascertaining access to finance.

This paper primarily targeted at identifying the current problems and challenges of the Ethiopian microfinance sector and to, subsequently, recommend remedial measures. It also aimed at assessing overall



growth, and socio-economic impacts of microfinance in Ethiopia.

## 2. Statement of the problem

Ethiopia is one of world's fastest developing countries which has prepared intensive development plan and exerting greater efforts to alleviate poverty so as to realize inclusive and sustainable development. In this respect, the country has well recognized microfinance services as one of important tools for poverty reduction or inclusive development. Ethiopian microfinance sector is showing high growth trend from time to time, but there are plenty of financial and governance problems in the industry that may result in systemic risk unless appropriate measures are taken as early as possible. So, the issue is how we can create sustainable microfinance sector that can serve the poor on continuous basis and let the sector realize the very mission of poverty reduction and inclusive development.

Many studies have depicted that Ethiopian microfinance institutions are faced with many problems and challenges, such as low outreach, fund shortage, limited product diversification, limited research and innovation, and weak internal control system

*microfinance plays indispensable role in poverty reduction, inclusive and equitable development, gender equality and HIV Aids. This is because they serve economically and socially deprived groups of the society; they play not only financial intermediation role but also consultancy role in entrepreneurial skills; personal financial management and business plan development.*

and MIS (Dr Woldey A, 2001; Yigirem K, 2010; Microfinance transparency, 2011). However, giving solutions for these problems is unlikely to provide long-lasting relief from the undesired effect. Thus, the question is what the root causes of these all problems are? This is yet not answered. Thus, this study is primarily aimed to identify the root causes of aforementioned problems, and to recommend subsequent measures to be taken.

## 3. Growth of Microfinance Sector

Ethiopian microfinance sector is growing in terms of number, outreach and major financial indicators. There are 32 microfinance institutions operating throughout the country; serving more than 2.89 million clients through 1,244 branch offices located in different regions of the country. The top five microfinance institutions which are backed by regional governments; namely, ACSI (Amahara), DECSI (Dedebit), OCSICO (Oromiya), ADCSI (Addis) and Omo, in aggregate serve about 84.7% of the total clients of the sector; and account for more than 90% of the sector's total assets (NBE quarterly report as at June 30, 2012).

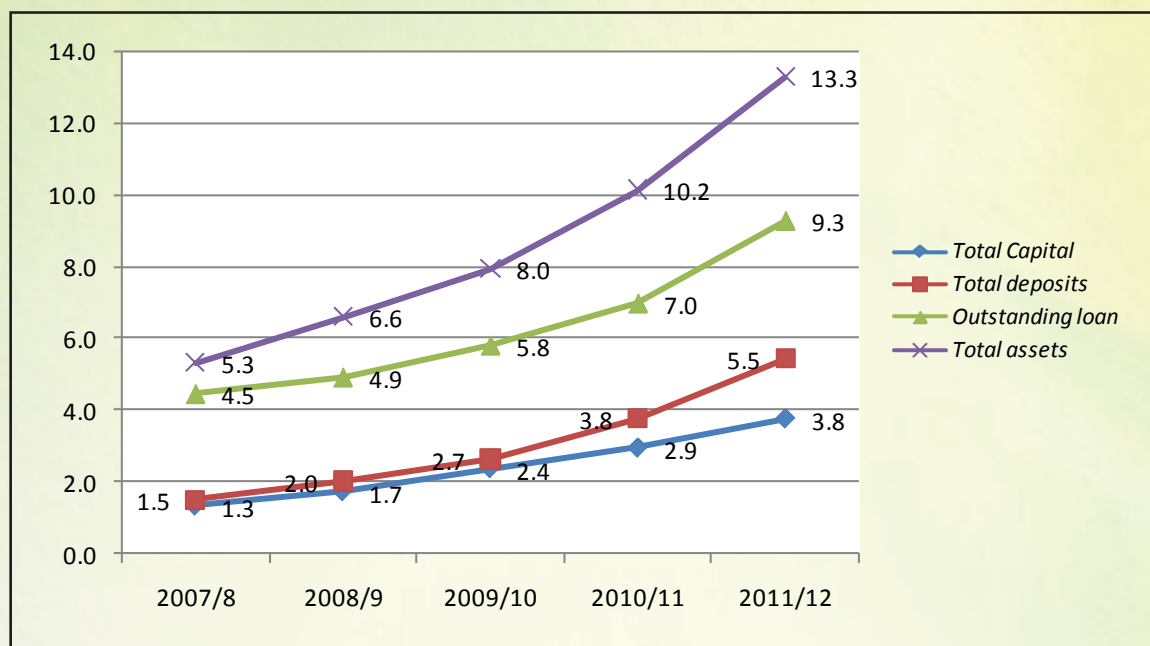
The sector has been showing alarmingly increasing growth trend since its establishment in 1996. The total asset of the Microfinance sector has increased to Birr 13.3 billion as at June 30, 2012 from Birr 5.3 billion as at June, 2008; an increment of 149.2%. This was mainly financed by liabilities (71.8%), of which saving mobilized from the public constituted the major portion of (41%). About 30.8% is contributed by borrowings (10.2%) and other short term (15%) and long term (5.6%) liabilities. The remaining 28.2% of the total assets is financed by total capital.

Gross loan grew to Birr 9.3 billion as at June, 2012 from Birr 4.5 billion as at June 30, 2008; an increment by 107.6%. Total



savings grew from Birr 1.5 billion to Birr 5.5 billion and capital from Birr 1.3 billion to Birr 3.8 billion; in the same period. The following chart shows growth trend of major financial indicators of Ethiopian microfinance sector.

Chart 1: (In billions of Birr)



Source: National Bank of Ethiopia; Quarterly report, June 30, 2012

### 3.1 GTP and Microfinance Sector

The government of Ethiopia has given due attention to financial access on its five years (2010/11-2014/15) growth and transformation plan (GTP); specially, microfinance sector is expected to play its vital role in two dimensions: to contribute its part in expanding access to finance from 20% as at base year (2009/10) to 67% at the end of GTP period (2014/15) and in increasing Gross Domestic Saving to GDP ratio from 5.5% as of base year to 15% as at the end of GTP period. To this end, microfinance institutions are expected to finance 50% of their gross loan through savings mobilization during the first two years and 80% at the end of the period.

As it can be observed from chart 1, savings mobilized by the sector have shown higher

growth rate during the last two years of GTP period than before; i.e. increased by 43.2% on average, in the last two years. As result, the sector financed 58.7% of its gross outstanding loans by savings as at June 30, 2012; this was an increment by 13% from the base year of GTP (45.6% as at June 30, 2010); on average 6.6% in the last two years, and above the plan (to finance 50% of its gross loan with savings in the first two years of GTP period). During the last two years of GTP period, saving has grown by higher rate (43.2%) than gross loan (26.5%); on average, but still to catch up gross loan (to finance 80% of gross loan with savings at the end of GTP period); saving needs to grow by more rate as loan by itself shall grow by higher rate than this to achieve GTP plan.



## 4. Socio-economic impacts

The objective of the MFIs in Ethiopia is basically poverty alleviation through the provision of sustainable financial services to the poor who actually do not have access to the financial services of other formal financial institutions (Yigirem K, 2010). Since their establishment by proclamation, MFIs have been playing vital role in providing financial services and promoting economic development mainly in the rural areas. But currently, as per the country's five years growth and transformation plan, attentions are directed to financing micro and small enterprises which are mainly flourishing in urban areas; and saving and credit cooperatives (SACCOs) are supposed to serve most of the rural society; microfinance institutions should gradually shift their focus to micro and small enterprises financing.

In Ethiopia, microfinance has witnessed that it is one of primary tools for inclusive development as many of the poor who got micro financial services have improved their lives. Thus, it has been successful in effectively delivering financial services to the poor who were formerly deprived of access to finance; loan, saving and insurance; even though millions of rural poor yet to be reached. Studies estimate that the sector serves between 10-25% of the total microfinance demand in the country. (Microfinance transparency; country survey (Ethiopia), December 2011).

Even though it is difficult to conclude as they are not as such wide-ranging, most of research papers conducted in Ethiopia have shown that the provision of micro financial services has positive impact on clients' livelihood and their enterprises. These studies have shown that the clients' income and their living condition have been improved; they are able to expand their enterprises, increased job opportunities for their household members and the community at large, increased production and net profit, their health and feeding style has been improved, and sent their children to school. In addition, it is depicted that

their overall saving has been increased and developed their saving habit, and enhanced empowerment of women as they have equal power in households' decision making such as decisions on the loan; decision on loan usage and business profit is jointly taken by the wife and the husband. Furthermore, some clients were able to send their children to private schools and build assets after getting micro credit and saving services (Issac Paul 2011, Abebe T 2006, Bamlaku 2006, Asmelash 2003, and others). These studies have also mentioned that the impact would have been higher, if the clients had been equipped with appropriate entrepreneurial skills; and thus, parallel entrepreneurial trainings are highly recommended.

## 5. Challenges and Problems of the Sector

Ethiopian microfinance sector has faced many problems and challenges, such as low outreach, limited product diversification, limited research and innovation, and weak MIS and internal control system. But primary cause for these problems is fund shortage and; in turn, the primary cause for fund shortage is insufficient start up equity capital; therefore, root cause for those problems is insufficient start up equity capital as explained below. Whereas another basic problem is governance problem, which is partly caused by fund shortage, and partly by ownership structure. Thus, the basic Challenges of the Ethiopian Microfinance sector are found to be fund shortage and governance problems from which all other problems and/or challenges are emanated. Root causes of these problems and the subsequent consequences are navigated as follows.

### 5.1 Fund shortage

With the current economic progress of the country, it is difficult for Ethiopian MFIs to meet ever increasing financial demand of



the poor with the current startup capital (ETB 200,000 which equals US\$11 thousand). This insufficient capital has led to creation of some weak MFIs in the country (Yigirem kasa, 2010). Most of the microfinance institutions in Ethiopia are established with the assumption of getting donation or grant from NGOs or government; the intention behind closed door is to operate with about two hundred thousand Birr plus, but sometimes they become unsuccessful; specially private owned and/or NGO backed MFIs. This minimum capital requirement was approved sixteen years ago and needs to be increased given inflationary condition in the country; thus inflation is another big issue.

“Lack of access to affordable capital/fund to finance growth is a major challenge faced by Ethiopian MFIs. ...The government supported MFIs are reinforced by equity finance from regional governments....Not only has this hampered the ability for MFIs to scale up, but also it has resulted in some MFIs having to make some products dormant whilst they seek new funding streams. This lack of capital/fund has also hindered MFIs from investing in their own development.” (Microfinance transparency, country survey (Ethiopia), page 8 &14, Dec 2011)

As a result, they are compelled to suffer from lack of fund to scale up their operations; increase outreach, diversify products and services, to invest in their own developments like MIS and internal control, and office development; and consequently, operate with loss for many years and unable to build their goodwill; and finally their fate is going to be acquisition or liquidation which, in turn, severely affects public confidence on financial institutions; thus long term negative impact in credit and saving culture of the country is cumbersome. This is going to be their ultimate choice because they could not attract external investors (equity investors,

lenders) as well as social investors, and depositors under this situation.

Relatively strong financial muscle/profitability is considered as prerequisite by lenders, equity investors and donors who focus on such promising MFIs, whereas internal developments such as office layout and professional manpower can attract plenty of depositors who are sustainable funding sources; but these are difficult to achieve for Ethiopian MFIs with the current startup capital. So, root cause for fund shortage is insufficient startup capital and other challenges are derived from it. Thus, most of microfinance institutions operating in Ethiopia are unable to strengthen their competitive influence as well as unable to achieve economies of scale and economies of scope (bigger portfolios, not bigger loans), under the current macroeconomic environment with the current startup equity capital. Therefore, there is a need for transformation for Ethiopian microfinance sector, like that of conventional banks.

## 5.2 Governance problem

Currently, most of the MFIs in Ethiopia are more than 90% owned by government

*Thus, most of microfinance institutions operating in Ethiopia are unable to strengthen their competitive influence as well as unable to achieve economies of scale and economies of scope (bigger portfolios, not bigger loans), under the current macroeconomic environment with the current startup equity capital. Therefore, there is a need for transformation for Ethiopian microfinance sector, like that of conventional banks.*



or local NGOs and/or associations who appoint representative to act on their behalf. The remaining less than 10% shares are owned by individuals; even though, most of them are nominal shareholders. In case of government owned microfinance institutions, by default, regional government officials are appointed as board of directors who might be changed while things are jumbled or on periodical shift; thus it has been a great challenge for MFIs to acquaint ever changing board members with special nature of financial sector and the importance of MFIs in poverty reduction; which demands special expertise and experience than other sectorial offices. Sometimes, this is also true for local NGO owned MFIs. In both NGO owned/backed and government owned MFIs, nominal shareholders are not committed to attend general assembly and board meetings in order to settle concerning issues and give directions on timely basis.

Whereas it is difficult for MFIs to recruit and retain qualified Chief Executive Officers (CEOs) and experienced staffs as they are unable to operate at least at equilibrium. This is because of insufficient capital which does not let them scale up their operations, especially beginners as most of them are unsuccessful to get donations as per their intention. In addition, for some government owned MFIs, lack of commitment to appoint qualified CEOs and recruit professional staffs has remained a challenge. Thus, ownership structure and insufficient equity capital/weak financial capacity/ of MFIs can be cited as root causes of governance problems of Ethiopian microfinance sector.

## 6. Conclusion

Ethiopian microfinance sector is growing in terms of number, outreach and major financial indicators. There are 32 microfinance institutions operating throughout the country; serving more than 2.89 million clients through 1,244 branch offices located in

different regions of the country. Whereas the sector has registered remarkable growth rate in terms of saving mobilization, credit supply, capital strengthening; and as result, in overall asset.

Ethiopian microfinance sector has witnessed that it is one of primary tools for inclusive development as studies have depicted that the poor involved in microfinance programs has improved their income and living condition; they are able to expand their enterprises, increased job opportunities for their household members and the community at large, increased production and net profit. In addition, it is depicted that their overall saving has been increased and improved their saving habit, and enhanced empowerment of women as they have equal power in households' decision making such as decisions on the loan. Furthermore, some clients were able to send their children to private schools and build assets after getting micro credit and saving services. These studies have also mentioned that the impact would have been higher, if the clients had been equipped with appropriate entrepreneurial skills; and thus, parallel entrepreneurial trainings are highly recommended.

Ethiopian microfinance sector has faced with many problems and challenges, such as low outreach, limited product diversification, limited research and innovation, and weak MIS and internal control system. This study depicted that primary cause for all these problems is fund shortage and; in turn, the primary cause for fund shortage is insufficient start up equity capital; therefore, root cause for those problems is insufficient start up equity capital. This is because relatively strong financial muscle is considered as prerequisite by lenders, equity and social investors who focus on such promising MFIs; operational self sufficiency of certain years is required by lenders, donors and equity investors, whereas internal developments such as office layout and professional man power can attract a plenty of depositors who are sustainable



funding sources. This fund shortage is a constriction for microfinance institutions to increase their outreach i.e. to increase both geographical coverage and number of loan clients or to serve more poor, to study and introduce new financial products as well as to invest in their own developments like MIS and office development, and skilled manpower recruitment. Whereas, the root causes for governance problems are ownership structure and weak financial capacity of MFIs. Thus, solving these couple of problems is a must to overcome all challenges of the sector as taking measures on other problems is unlikely to provide long-lasting relief from the undesired effect.

## 7. Recommendations

- ✓ In order to strengthen competitive ability of microfinance institutions as well as encourage economies of scale & economies of scope, and also strengthen capital base to the level considered adequate by taking the current macroeconomic indicators into account, it is advisable to increase minimum paid up capital by the concerned authority as soon as possible.
- ✓ The government should design strategy to solve governance problem from now, if not, things will be highly complicated and it will be difficult to solve. Thus, the responsible organ of the government should study ownership structure of microfinance sector; and put appropriate short-term and long-term remedies to strategically solve the problem. In the short term, for government owned MFIs, building strong management; its commitment to recruit trained and experienced executive management members is highly recommended, whereas for private owned and NGO backed MFIs' governance problem will be solved meanwhile fund shortage is solved.
- ✓ Ethiopian MFIs should give due attention to the more than 80% of the rural people. As SACCOs are legally allowed only to serve their members and self supervised, microfinance institutions shall be encouraged to serve both rural and urban poor, and proportional attention should be given for micro and small enterprises flourishing both in urban and rural areas.
- ✓ In addition to regulatory and supervisory support, the government should introduce capacity (financial, expertise, and others) building measures so as to raise efficiency of microfinance institutions in order to improve financial access or saving and credit culture and quality of financial services.
- ✓ The sector should exert more efforts for saving mobilization than ever before, so as to achieve its GTP or it is required to grow by higher rate than the past two years. Moreover, the government should introduce financial literacy program so as to change mindset of the public towards financial institutions and financial services, in general and saving, in particular.
- ✓ MFIs in Ethiopia should give due attention to developing entrepreneurial skill of their respective clients along with giving financial services. This shall be done in collaboration with stakeholders who are identified as responsible organ as per GTP.



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**It is the mark of an educated mind to be able to entertain a thought without accepting it.**

**Aristotle**



# Challenges and prospects of public procurement in Ethiopia and practices of East Africa countries

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## 1. Introduction

### 1.1 Background of the study

Considerable sums of money are spent annually at public sectors for the procurement of goods, services and works. A public sector facilitates the delivery of a wide range of public services. To provide the intended services efficiently and effectively, a public body procures goods, works and services every year. When procuring goods, works and services, public bodies should follow an assembly of rules, regulations, and procedures so as to make an open and transparent process in using public money. Most of the countries of the world intended to gain the best value for money, eliminate corruption, assure transparent procurement and avoid discrimination. Basic principles to be followed in conducting the procurement function include non- discrimination, equal treatment, transparency, mutual recognition, freedom to provide services, economy, efficiency and etc (Baynesagn, 2009).

Before we directly go into our discussion it is better to define what procurement is meant about. Procurement is defined in different ways by different scholars. The definition given by different scholars have similarity in

terms of content but are different in approach. Let us see some of the definitions given.

Procurement is defined as the acquisition of goods, works and/or services, in the right quantity, quality, at the right time, in the right place for the direct benefit or use of corporation, individuals, or government. It is the process by which the resources required by a project are acquired. It includes development of the procurement strategy, selection and acquisition of suppliers, preparation of contract, and management of the contract (Tadewos, 2010/11 Lecture note at Ethiopian Civil Service University).

Procurement is defined as the acquisition of whether under formal contract or otherwise of works, supplies and services by public bodies. It ranges from the purchase of routine supplies to services for formal tendering and placing contracts for large infrastructural project by a wide and diverse range of contacting authorities (Baily et al , 2002 pp85-87).

Others define procurement as the purchase of merchandise or service at the optimum possible total cost in the correct amount



and quality. Having defined procurement in its wider sense in such away, let us see what public procurement means. Public procurement is defined as procurement made by a public authority using public funds to obtain goods, works and services to fulfill the needs of a public authority to carry out its business activities or to ensure the business continuity so that the organization would achieve its intended objectives, mission and vision. Public procurement system is a set of rules that guide a government's purchasing of goods, works and services.

The main purpose of this short article will be to see the challenges and prospects of public procurement in the case of Ethiopia by comparing with the best practice of some east African countries case.

## 1.2. Statement of the study

More than 70% of the public expenditure is channeled through public procurement. But we are not quite sure that whether due attentions are given for such investment/ expenditure by public institutions like other duties of that particular institution. This is more explained by different perspectives starting from assignment of personnel up to fulfillment of all the necessary facilities to procurement departments of that particular public institution. With these premises the study will try to identity the major problem areas and suggest possible solutions to at least mitigate such problems.

## 1.3. Objectives of the Study

The main objectives of the study will be focused on identifying the major challenges

in public institutions in relation to public procurement. These include the following major areas:-

- Identify factors that affect right delivery of goods, services and/or works;
- Identify the problems in relation to the procurement methods adopted;
- Identify the causes of dissatisfaction in relation to the procurement of goods, services and/or works and etc

## II. Review of Related Literature

In order to meet the demand for essential services (such as health, education, defense and infrastructure such as health, education, defense and infrastructure), governments purchase goods and services from the market place. In other words, governments are purchasers of works, supplies and services from the open market, placing their demands alongside those of the private sector. The business operations of governments in the marketplace or public procurement have thus both economic and political implications. Yet, until not too long ago, the subject of public procurement would have received little attention by academic researchers and policy makers, because it was considered an administrative function to worry about (Wittig, 1998).

Public procurement includes identifying need, specifying requirements, identifying potential suppliers, soliciting bids and proposals, evaluating bids and proposals, awarding contracts, tracking/ following the progress, delivery of goods, works and/



or services, inspecting and inventorying the deliverable and finally paying the supplier (Baynesagn,2009).

## 2.2. Public Procurement Problems and Challenges in East African Countries

Most developing countries faced different challenges and problems in relation to public procurement implementation. Some of the problems are related to lack of appropriate public procurement legal frame work and others related to improper implementation of the systems and procedures both from the procuring entity and suppliers side. Under this topic, the basic challenges of public procurement in some East Africa countries (Uganda, Kenya Tanzania) and also the best practices and reforms these countries have implemented would be discussed.

The estimation of the size of public procurement in most African countries encounters a number of conceptual as well as technical problems. Conceptually, the composition of the entity called "public" poses a problem. While in some countries the term refers to the central and local governments only, it is extended in others to include government-owned enterprises providing public services, such as telecommunications, railways and water companies. Thus where it is not clearly specified, the term "public" may be used to refer to very different entities, which may not be comparable across countries. Technically, problems arise due to the lack of data and sometimes the manner in which it is kept and reported. In some east African countries, the

authorities in charge of public procurement do not keep public procurement information. Instead the procuring entities in the different ministries, departments and local authorities keep the information. The manner in which this information is kept and its quality vary widely. As such, there is no reliable procurement data that can be used to measure the size of public procurement (Odhiambo and Kamau, 2003).

*In the case of Uganda, the following problems and challenges are manifested in relation to public procurement (Agaba and Shipman,2007).*

- ✓ Guidance for the current procurement system was scattered among various outdated regulations and procedures;
- ✓ Little action was taken to ensure that the procurement process complied with established regulations and procedures;
- ✓ There were no clear lines of public accountability in the procurement process and little transparency;
- ✓ There was little institutional coordination;
- ✓ Operating through cash budgets and with inadequate financial planning, the government was an unreliable business partner and suppliers frequently suffered delays in receiving payment for goods and services supplied; consequently bidders sought to offset these risks by higher prices;



- ✓ The system suffered from various forms of malpractice and unethical conduct, including a high incidence of vested interests, interference and insider dealings and occasional cases of retrospective approval of contract awards; and
- ✓ There was a lack of professional knowledge and expertise in the purchasing and contracting function at all levels.

Uganda's experience of a centralized procurement system being unable to cope with the demands of a developing economy is shared by several other African countries, including the neighboring countries of Tanzania and Kenya, both of which have adopted a similar model of decentralized practice subject to central regulation. While some countries maintain successful procurement systems through administrative instructions to civil servants, supported by a few general references to procurement in the Public Finance Regulations, the problems of enforcement and the temptations of malpractice in developing African countries are greater and consequently a comprehensive public procurement law is an essential requirement to reinforce government policy. Even with a procurement law in place, supported by regulations, guidelines and standard bidding documentation, enforcing compliance will continue to be a formidable challenge. There are also inadequate monitoring and evaluation mechanisms, in particular a lack of comprehensive statistics on the value of goods and services procured and on the procurement process (ibid).

In Tanzania, for example, public expenditure information in their economic surveys is not classified by economic categories, i.e. as labour costs, interests, subsidies, etc. It was however possible to obtain this information from other sources, sometimes directly from the institutions involved. The problem with this is that the data so obtained may not be consistent and comparable. The procedure discussed above was used to estimate the size of public procurement in Kenya, Uganda and Tanzania. Public procurement was estimated as a fraction of total government expenditure. This was done only for the central government, as it was not possible to obtain reliable and consistent data for other public entities (Odhiambo and Kamau, 2003).

An increasingly important issue related to public procurement is whether governments discriminate in favor of domestic suppliers. In fact, part of the reason why multilateral organizations, such as the World Bank and the International Trade Centre are taking keen interest in public procurement is to eliminate such biases wherever they are perceived to exist. Another related issue is the participation of the small, medium and micro enterprises (SMMEs) as suppliers to the government. In the three East African countries, there is a very strong feeling among the actors that SMMEs have been marginalized in most of the public sector activities. While there are many reasons for lack of participation, the main one seems to be lack of a coherent, transparent, accountable and participatory procurement policy in the three countries. The challenge facing these countries is to



create a cost effective system of encouraging and promoting SMMEs owned by nationals in as wide a spectrum of public services as possible (ibid).

## 2.3 East Africa Countries Best Practices and Lessons on Public Procurement

In procurement, best practices generally lower than creation of strategies and tactical plans for the acquisition of goods, works and/or services that align with the organization's mission as well as implementing those plans in a manner that provides added value. Best practices in procurement also cover the processing of user requests to purchase of goods, works and/or services. In order to meet their responsibilities effectively, the procurement professionals must be enablers capable of matching the needs of internal customers with what is available to purchase in marketplaces (Odhiambo and Kamau,2003).

### 2.3.1. Public Procurement Reforms in East Africa

In response to both domestic and international pressures, East Africa countries have recently undertaken important initiatives to make their public procurement systems more efficient and transparent in line with international procurement guidelines. The experience of some African countries with the reforms has been quite varied. For instance, Tanzania has moved fast with the reforms and has already put in place a legislative framework for public procurement; Kenya and Uganda have yet to

enact procurement legislation. In Kenya, a number of significant changes have already been effected. There is also an urgent need for strengthening institutions involved in public procurement, as these institutions tend to lack technical and human resource capabilities (Odhiambo and Kamau,2003).

In the mid-1980s, the need to reform public procurement in the three East African countries became urgent, as there was growing scrutiny and pressure from, within and outside to reform the procurement process. The domestic push for reform came mainly from domestic procurement stakeholders. As indicated earlier, the government's business operations or public procurement affect different elements of society: the procurement entities, the business community, professional associations and the general public. In the three countries, these stakeholders generally expressed dissatisfaction with the public procurement system. The stakeholders complained of misallocation of resources, inadequate infrastructure, inefficient services, high taxes, growing indebtedness and high risks. These concerns were clearly related to the manner and effectiveness of the public procurement process. In reacting to these concerns, the governments recognized the need for reviewing the public procurement process and for being more accountable to the various stakeholders (ibid, p17).

In 1997, the Kenyan Government in collaboration with the World Bank commissioned to conduct a study to assess the country's procurement processes and systems. The study identified the need for a comprehensive review and an



implementation of a reform process in the procurement systems. The study revealed that the public procurement system in Kenya lacked transparency and fair competition. The study further revealed that procurement staff were not adequately trained and lacked professionalism. Lack of a professional body that would oversee and instill discipline among procurement officers made them vulnerable to corruption. One of the major recommendations from the study was that reforms in public procurement systems were paramount if government was to save resources otherwise lost through exorbitant procurement. The World Bank study argued that improvement in procurement systems had a direct and beneficial effect on the overall economic situation in the country. The World Bank, the African Development Bank (ADB) and ITC, in conjunction with the Government of Kenya, initiated the public procurement reform process in the late 1990s. This reform process was meant to create a system that allowed, among other things, a proper delegation of authority, incentives, procurement thresholds, planning, and the development of supplies manuals (World Bank, 2000).

Public procurement reform in Uganda was perceived as part of a policy package focusing on strategies to eradicate poverty in the country, through creating an appropriate policy framework and the re-orientating of government spending in crucial sectors. The reforms were based in part on the findings of a study carried out to assess public procurement and to develop an action plan to improve the country's system for procuring goods, works

and services. The main finding of this study suggests that the legal framework for public procurement in Uganda is not supportive, as the existing laws are inadequate and fragmented. It also reveals that public procurement in the country is characterized by malpractices, such as under-invoicing and inadequate official documentation. The study, in addition, identifies the lack of a procurement professional body to regulate the actions of procurement officers. A task force for public procurement reform in Uganda recommended the establishment of a National Public Procurement Unit as the central organ for state administration on all matters of public procurement.

Reforms in Tanzania were carried out on the basis of a study conducted in 1995 by an international consultant, the Crown Agents. A major recommendation of the Crown Agents was that there was a need to establish an independent and autonomous body to control public procurement in Tanzania. There was also a need to de-link the Central Tender Board from the Ministry of Finance. As in Kenya and Uganda, the reform process was supported by the World Bank under the Public Procurement Reform Project. A team of senior government officers was given a mandate to come up with a strategy that would be implemented as part of the reforms. Among other things, the team was expected to integrate reforms within the macroeconomic framework that would utilize more of local capacity and allow for the transfer of skills. Procurement reforms began in 1997 and are still going on. There is already an Act of Parliament, the Procurement and Disposal



of Public Assets Bill of 2002, to regulate procurement in the country (Odhiambo and Kamau, 2003).

### 2.3.2. Current Procurement Systems in East Africa

The public procurement systems in the three East Africa countries have historically been very similar in many ways. Major differences in the systems today are largely due the nature and extent of the reforms that the countries have been implementing since the early 1990s. As was indicated earlier, the three countries have differed significantly in the implementation of reforms.

Adherence to public procurement procedures is important if public funds are to be used in the best way possible. Crucial in this respect is a sound enforcement mechanism that ensures procurement entities comply with the regulations and that those who fail to comply are duly punished. Part of the reason why public procurement in East Africa has been in disorder is because of the legal framework that has been rather unclear and ineffective in ensuring efficient and economical public procurement. It is little wonder therefore that the procurement reforms in east African countries have focused more on the legislative framework. The aim has been to enact legislation to guide public procurement effectively. The countries have proposed or have already put in place elaborated public procurement regulations. The rules and regulations embodied in public procurement legislation in the east African countries establish the key institutions for public procurement (ibid).

## 2.4. Public Procurement Practice in Ethiopia

Government of Ethiopia has given a great deal of attention for essential services, such as health, education, service, infrastructure and etc within five years of Growth and Transformation Plan (GTP) period. To be able to meet the demand for these services, the government has allocated significant amount of money for the purchase of goods and services from both local as well as from international markets. Hence, procurement is conducted in accordance with the Federal Government of Ethiopia regulations and procedures of the public procurement. Details of the proclamation are presented hereunder.

Public procurement in Ethiopia is regulated by the Financial Proclamation No. 57/1996 which constitutes the Procurement Law, the Financial Regulation No. 17/1997 issued by the Council of Ministers and the Ministry of Finance Procurement Directives and contracts issued in 1997, 1999 and revised in 2009 at the Federal level. In 2009 the Government has established Public Procurement and Property Administration Agency (PPPAA) which is responsible to oversight policy and monitoring of Public Procurement as amendment of Federal Government of Ethiopia Proclamation No 471/2005/6 (Kebede, 2007).

Procurement law enacted in 2005 (as per Proclamation No. 430/2005) is required among other things, the establishment of regulatory body, development of Procurement Directives, preparation of standard bidding documents, guidelines and implementation



of capacity building strategy at all level. As part of the procurement reform, Ministry of Finance and Economic Development has prepared Public Procurement Directive and guidelines of 2005 (1997 E.C.) It is currently enforced in all public procurement process. The Directive is intended to serve procurement of goods, works and service contracts. It specifies activities and procedural requirements of a procurement cycle, Procurement needs assessment, planning, selection of methods, bid receipt and opening, evaluation, contract award and follow-up of contract performance. Selection of appropriate procurement method is the responsibility of tender committee. Selection shall be made depending on the conditions of the contract (ibid).

Another significant change introduced by this law was that it tried to embrace the basic principles of transparency, accountability, fairness and non-discrimination as its guiding principles (Abraham, 2012).

In recent years, the Federal government has taken measures to revise the existing law, so as to make it responsive to the growth and expansion of the quantity and quality of provision of public services. Each year, a significant portion of public money is allocated as a result of award of contracts for the construction of public works, supply of goods and/or provision of services.

After four years of the issuance of this law, it was revised and replaced by a new law (The Ethiopian Federal Government Procurement and Property administration Proclamation No.649/2009.) This second proclamation

comes with more detailed and clear procedures. It has also widened its scope by providing for the regulation of public property, which was not dealt by the previous proclamation.

In addition to the legislative reforms taken by the legislative organ, the issuance of secondary legislation by the executive organ is also another significant development in the process of creating an efficient and effective legal framework. As a supplement to proclamation no. 649/2009, the Ministry of Finance and Economic Development issued a Federal Procurement Directive in June 2010. A month later, in July 2010, the Council of Ministers issued a regulation providing for public procurement and property disposal services establishment (regulation no. 181/2010)

From the above brief assessment, we see only the positive side of Ethiopian procurement law. Yes it is true; efforts have been made to make the law clear, comprehensive and flexible. It is also true that the current law embraces basic principles of public procurement. But, it seems, something big, something fundamental went wrong (ibid).

Just look into the scope of this law. According to article 3 of The Ethiopian Federal Government Procurement and Property administration Proclamation No.649/2009, the law is exclusively a federal law and its applicability is limited to Federal Government procurement and property administration. By way of exception article 3(2) (a) excludes procurement affecting national security or national defense. This is acceptable taking



in to consideration the sensitive nature of such type of procurement and similar form of exclusions also exist in most jurisdictions. The exclusion also is not absolute because the type of procurement procedure is still to be decided by the Ministry of Finance and Economic Development through consultation with relevant authorities (ibid).

Then comes article 3(2) (b). This article reads: "this Proclamation does not apply to contracts a public body enters into with another public body for the provision of goods, works, consultancy or other services at cost." According to article 2 of sub article 6 of the proclamation, Public Body means any public body, which is partly or wholly financed by the Federal Government budget, higher education institutions and public institutions of like nature. So, public bodies are not subject to procurement procedures if they intend to participate in the provision of goods, works, consultancy or other services at cost. They will simply get awarded of a contract without competing with the private sector. In effect, they will get preferential treatment. Doesn't this then destroy the principle of fairness and non-discrimination? What is worse, no alternative procedure which ensures transparency and accountability is devised for contract of public works, goods and services if it is between two public bodies (ibid).

The proclamation seems to advance competition, but, as article 3(2)(b) of the proclamation has made it clear, public bodies are an exception to competition. Not only that, they are an exception to the principle of transparency, accountability, fairness and

non-discrimination.

## 2.5. Procurement Methods

A number of procurement methods are specified in the public procurement laws and regulations in all countries of the world including Ethiopia. These are:

### a) Open Tendering (National and International)

Open tendering is the most widely used and preferred tendering system. The laws and regulations of Ethiopia clearly stated that other methods of procurement will be used only in exceptional circumstances. In such cases, the procuring entities will have to give and record reasons for the choice of other procedures. Open tendering can be at two levels: national and international. Open national procurement is a method of procuring goods, works and services which is open to participation on equal terms by all providers through advertisement of the procurement. This tendering process specifically seeks to attract domestic firms although foreign firms are allowed to participate. Open international tendering on the other hand is open to participation on equal terms by all providers although it specifically seeks to attract foreign providers. This type of tendering is used where national providers may not provide competitive bids and ensure value for money. The procurement laws and regulations in Ethiopia provide guidelines of the procedure of open tendering including the enforcement mechanisms (Odhiambo and Kamau, 2003).

In the case of open tenders, an advertisement is placed in daily newspapers to reach



prospective bidders nationally. It is a requirement that such an advertisement be placed in at least three daily newspapers that have wide circulation. The procuring entities are then supposed to release the tender documents. Such documents should contain sufficient information to enable competition among the bidders to take place. The laws and regulations of Ethiopia define that the tender invitation should enable bidders to submit their proposals, each enjoying equal opportunities. The buyer obviously expects answers to be offered in the bid as to what will satisfy its requirements and expectations primarily in terms of quality and capacity performance indicators. It is, however, important to note here that, more often than not, this assumption is never met. Procurement entities seldom provide the necessary data and information or provide deficient or semi-finished documentation, which prevents bidders from preparing proper bids.

The next step in the tendering process is the opening of the tenders. The laws stipulate that this must be done as soon as possible. Bidders and their representatives are allowed to attend the opening of tenders. After tenders have been opened, the procuring entity examines and evaluates each of the tender documents. Successful bidders are then notified and a formal contract is issued (ibid).

**b) Restricted Tendering (National and International)**

Restricted tendering is a procurement procedure where bids are obtained by direct invitation without open advertisement. This procedure can be used in Ethiopia where it is

believed that the value or circumstances do not justify or permit the open bidding process. Procurement entities in this case maintain a list of “pre-qualified providers” who are then directly invited to participate in the tendering. Restricted tendering is also possible at two levels: national and international. In both cases, the procuring entity must demonstrate that open tendering is not viable or prudent. It needs to be noted here that the process of pre-qualification is often abused and is an important source for corruption in public procurement (ibid).

**c) Quotations and Proposals**

Procurement entities are also allowed in exceptional circumstances to call for quotations and proposals. Quotations and proposals are simplified procurement procedures, which compare price quotations obtained from a number of providers. Quotations are used mainly in works, while proposals are used for services. There are specific restrictions on proposals and quotations in Ethiopia. Requests for proposals must be addressed to no less than three and no more than seven candidates selected by the procurement entity. Similarly for works, the procuring entity must obtain quotations from as many candidates as practicable, but from at least three candidates (Baynesagn, 2009).

**d) Direct Procurement / Single Source Procurement**

Direct procurement is a sole source procurement method used when exceptional circumstances prevent competitive bidding. This method is used mainly for low value



procurements involving no contracts. In Ethiopia, where this method of procurement is used, procuring entities must prepare a description of all its needs and specify requirements of quality, quantity, terms and times of delivery. The procurement entities are free to negotiate terms with the sole candidate for the best deal. In the process of public procurement, the interest of three groups the tender issuers, the bidders and the public procurement system itself determine the types of procedures. The primary rule is that the prospective buyer must proceed in accordance with the rules of open tendering procedures; the other two procedure types inviting limited bidders or negotiation may be used in exceptional cases (Odhiambo and Kamau, 2003).

## 2.6 Principles of Public Procurement

Different countries and organizations have different principles set for public procurement. However, the contents and ideas of the principles are not different. The principles are prepared based on the policy of the country. Thus, sometimes these principles are called the policy principles. These include the following (Tadewos, 2010/11).

- **Principles of Economy-** This would mean purchasing of goods, work and /or services of required specification for intended purpose in required timeframe at the most economical prices. This addresses the issues of 3E's. These include maximizing of

economy, efficiency and effectiveness in procurement.

- **Fairness-** That is providing fair and equitable treatment of all prospective suppliers or bidders.
- **Competition-** There should be fair competition among suppliers for supplying goods, works and/or services so that efficiency can be rewarded and procurement can be made at the most economic price.
- **Transparency-** There should be transparency in the process of procurement so that the suppliers would have free floor to play on and to have value for money.
- **Corruption Prevention-** This also one of the basic principles of public procurement. Corruption is burning issued this time. Corrupt practice is offering, giving, receiving or soliciting anything of public officers in procurement or contractual execution. This is manifested in different ways. Fraudulent practice is one of the manifestations of corruption. It is misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the government.

## 2.7. Public Procurement Reform

Procurement reform is very much driven by concerns about efficiency, that existing rules were not enabling governments to get the best



quality goods, works and/or services and the best price. However, efficiency can also be looked from another angle the simplicity of the rules, the ease of use and cost and time implications. Procurement reform currently focuses on getting countries to implement a standard procurement procedures and systems. This can result in reforms that are ineffective in terms of cost, time and decision making. The introduction of clear rules definitely contributes to greater integrity for government officials to take the following reforms (Baily et al, 2002 pp 393-396).

**Procurement Planning-** Sound planning of procurement is crucial. The procuring entity should determine what goods, works and/or services are needed to carry out the project. When should be the delivery, what standards are required, the need for co-financing and which procurement and contacting procedure is most suitable for each contract. The entity should complete the overall procurement plan before any procurement begins. Procurement planning is much more than just choosing which procurement methods to use for various goods, works and/or services contracts and when to schedule activities. These are important parts of planning but are closer to the end of the process than the beginning. In order to conduct this there should be qualified and technical staff for specification preparation and etc.

**Modernizing Public Procurement-** Modernization of public sector procurement process has the potential to bring about

significantly improved value for money. Deployment of best available procurement practices can deliver a significant contribution to this end. Implementation of modernized public procurement procedures provide a much improved services to user, buyers, and suppliers through new procurement policies, practices and standardization of process and documentation . It also provides greater transparency and openness and promotes greater use of integrated management information system.

**E-procurement-** It is a term used to describe the use of electronic methods in every stage of the buying process from identification of requirement to payment, and potentially to contract management. E-procurement includes a range of technologies that apply the speed of computer processing and the connectivity of the internet to accelerate and streamline the process of identification and selecting suppliers of goods, works and/or services, placing ,receiving and paying for order, assuring compliance with the procurement procedures, consolidating purchase to achieve leverage, providing visibility of information between collaborative partners. The benefits of e-procurement can be seen as reducing purchasing cycle time, enhancing budgetary control, eliminating administrative errors, increasing buyers' productivity, lowering prices through product standardization and consolidation of purchasing power and better information management.



### III. Conclusion and Recommendations

#### 3.1. Conclusion

This study focuses on public procurement efficiency and the underline factors that hinder the efficiency of public procurement in public institutions in Ethiopia. Accordingly, the main problems observed in relation to bid document preparation are: absence of technical staff and limited knowledge of procurement staff in most of the public institutions in Ethiopia. With respect to value for money, when we see the procedure manuals least price principle is applied, which does not guarantee the quality of goods to be purchased.

As we can see from the three east African countries case, the following lesson can be drawn:

- ✓ Specially after the reform, each country practices knowledge driven procurement almost in all their public institutions in which case less attention is given in Ethiopia;
- ✓ There should be strategies and tactical plan for the acquisition of goods, works and services that align with the organization's mission as well as implementing those plans;
- ✓ The procurement professionals must be enablers capable of matching the needs of internal customers with what is available to purchase in marketplaces;
- ✓ The procurement professional should also demonstrate the ability to use

the tools available to obtain the best values to organizations in dealing with the supplies;

- ✓ The practice of market testing to ensure that work performed by organizations is undertaken at least as efficiently as would be the case if contractors or other providers were employed has given rise to considerable increase in the external sourcing of services.

In general, from many research papers conducted, the procurement method mostly applied by many public institutions is open tender. Finally, what is observed from many literatures is that less attention is given in assigning professional staff for procurement activities in most public institutions.

#### 3.2. Recommendations

In view of the findings presented above, government is required to make a great deal of effort to enhance the efficiency of public procurement so as to use the scarce resource as efficiently as possible and to achieve value for public money. In this regard, public institutions and the concerned body should take the following measures.

- For the procurement process to be more effective and efficient there should also be proper controlling system that complies with strict ethical code.
- There should be well prepared action plan, since poor procurement plan results in emergency buying that leads to corruption, uneconomical procurement in turn that leads to



proforma based procurement and focusing to single sourcing. Therefore, the government should exert extra effort to bring about effective and efficient procurement methods in public institutions. This helps the public institutions to be economical.

- The public institutions should conduct market survey to conduct knowledge based procurement and to address value for money , to minimize cost and to have knowledge about the market price
- There should be exhaustive suppliers database or list of suppliers
- Public institutions should be able to use all methods of procurement since all procurement methods are equally important depending up on its urgency, value and etc.
- The public institutions could also give due attention to the quality of goods,

works and/or services than price only

- There should be standard bid document that is used by public institutions and should regularly be updated
- The competent professional and technical staff should be assigned in order to make research base procurement.

The proclamation of Federal Government of Ethiopia is implemented in all areas of the country. However, each region and institution does have its own directives and procedures depending up on its income. This has brought inconsistency in implementation of the proclamation. So, there should be a means in place that guarantees consistency among the institutions.

**It is just that we should be grateful, not only to those with whose views we may agree, but also to those who have expressed more superficial views; for these also contributed something, by developing before us the powers of thought.**

**Aristotle**



# Money 101: Q&A with Warren Buffett

By Aaron Task | Yahoo! Finance

One of the world's richest men Buffett is also the voice of a new animated series entitled "Secret Millionaires Club," which offers kids tips on investing and basic business concepts. "The more you learn, the more you'll earn," Buffett says in the series, which also features the voices of Jay-Z and Shaquille O'Neal. The first DVD of the series was recently released and is available for purchase on Amazon.com. More information can be found at [www.smckids.com](http://www.smckids.com).

*Yahoo! Finance: How did you get involved in the Secret Millionaires Club?*

Warren Buffett: My friend Andy Heyward, who is a producer of kids entertainment,

and I came up with the idea to help educate kids about financial matters. I thought the idea of using the power of cartoon characters to carry a message was a good one, as is teaching financial lessons at an age when it can help them.

*YF: What does the term "Secret Millionaires Club" refer to?*

WB: In the pilot episode, a group of kids come together to save their local youth center. In the process, they come across a valuable baseball card which they sell to save their youth center. They ask my help to help them understand and manage their money. In the process we form the Secret Millionaires Club, and have lots of fun adventures together learning about money and business.

*YF: Is the goal to help kids understand finance and related concepts — or to help them learn how to amass wealth? Or both?*

WB: The goal has nothing to do with amassing wealth, and everything to do with helping kids understand money, and develop healthy habits from a young age. Someone once said, "the chains of habit are too light to be felt until they're too heavy to broken." We're trying to help kids develop healthy habits that will help them their whole life.

*YF: What are some of the key financial terms and business concepts you hope kids learn*





*from the series? How did you learn them?*

WB: Some of the lessons you'll hear in this series are: "The best investment you can make, is an investment in yourself." "The more you learn, the more you'll earn." "Learn from your mistakes, and the mistakes of others." "Great partnerships make any job easier." "Fail to plan, plan to fail." "With business as in life, get to know people before you judge them." "It's not just the outside that counts, it's the whole package."

*YF: Is there anything you can share about how you taught your children about business and finance that other parents might adopt?*

WB: All the lessons in Secret Millionaires Club are lessons I taught my own children. We produced this series to try and teach other kids, and in some cases, their parents! They are simple lessons that can help you in business and in life, no matter what age you are.

*YF: What is the #1 thing parents should teach their kids about money — and #1 thing they should NOT teach them?*

WB: Secret Millionaires Club has lots of good lessons about money such as learning not to spend more than you have, and saving for the unexpected, and not borrowing money unless you have a plan to pay it back. The series shows the consequences that can happen if people don't make wise decisions. We're trying to help kids develop good decision-making skills from a young age to avoid some of these pitfalls.

*YF: Is the series aimed at kids specifically or is it designed for kids and parents to watch together?*

WB: We created Secret Millionaires Club for kids, knowing it would also help parents. And it has. It provides stories that kids

can relate to which help them understand different situations in business and in life, and hopefully help them develop the skills to make good decisions their whole life.

*YF: Why do you think financial education is so important for kids?*

WB: So many adults get into financial trouble, in business and in their personal lives, because of bad decisions. We hope to influence kids at an early age so they learn to think about their actions, and the consequences of making bad decisions. It doesn't just influence success in business, it influences your family life as well. We want to help guide kids toward leading more productive lives.

*YF: Have you reached out to the DOE or other government agency to discuss building a curriculum for financial education in the public schools?*

WB: We already have a program that is in thousands of schools and youth organizations. Every year, we have a contest called the "Learn and Earn" challenge. Thousands of kids use what they learn in Secret Millionaires Club episodes to come up with their own business ideas. The finalists come to see me in Omaha and present their business plans, showing what they have learned from Secret Millionaires Club. It's a lot of fun for the kids, their teachers, parents, and most of all for me! It shows that at a very early age, kids not only understand financial matters, they come up with some pretty terrific business ideas themselves!

*YF: What's an appropriate age to start teaching kids about money?*

WB: It's never too early. Whether it's teaching kids the value of a dollar, the difference between needs and wants, or the value of saving. These are all concepts that kids encounter at a very early age, so best to help them to understand it.



Warren Edward Buffett (born August 30, 1930) is an American business magnate, investor, and philanthropist. He is widely considered the most successful investor of the 20th century. Buffett is the primary shareholder, chairman and CEO of Berkshire Hathaway and consistently ranked among the world's wealthiest people. He was ranked as the world's wealthiest person in 2008 and as the third wealthiest person in 2011. In 2012, American magazine *Time* named Buffett one of the most influential people in the world.



Buffett is called the “Wizard of Omaha”, “Oracle of Omaha” or the “Sage of Omaha”[10] and is noted for his adherence to the value investing philosophy and for his personal frugality despite his immense wealth.[11] Buffett is also a notable philanthropist, having pledged to give away 99 percent of his fortune to philanthropic causes, primarily via the Gates Foundation. On April 11, 2012, he was diagnosed with prostate cancer, for which he completed treatment in September 2012.

Great thanks to Yahoo Finance.

**Let not him who is houseless pull down the house of another, but let him work diligently and build one for himself, thus by example assuring that his own shall be safe from violence when built.**

*Aristotle*

# 9 Ways to Damage Your Financial Standing

By Sarah Kaufman



Are you truly in control of your money? Take a look at these easy ways you could be killing yourself financially.

## 1. Paying the minimum on your credit card balance.

Doing this means you'll pay more in interest and it'll take you longer to pay it off. It would take almost 10 years to pay off a \$1,000 credit card balance (at 14% APR) if you were to only make the minimum monthly payment. If you can, pay the balance in full at the end of each month.

## 2. Not having an emergency fund.

What if your home goes into foreclosure? What if your health insurance doesn't cover an important prescription? What if you get a divorce? An emergency fund is for the "what ifs" in life. We hope we never have to use it, but it's there when we need it.

## 3. Not having insurance.

Protect yourself and your stuff. The added security will leave you feeling more in control of your life, and it could save you financially in the case of an emergency or tragedy.

## 4. Having nothing saved at all.

It's no secret that spending money is much more fun than saving it, but it's important to save at least a little, no matter what your income is. If nothing else, your small savings can double as your emergency fund. One of the best ways to get over the intimidation of putting away money is to set up an auto-transfer or direct deposit each month. That way, the money automatically comes out of your checking account or paycheck, and you'll get used to living without it.

## 5. Paying too much for a house.

Just because the bank approves you for a home

loan doesn't mean you can afford to pay that amount. The best way to determine what you can afford to pay is to create a budget. Add up all of your monthly expenses, subtract that from your monthly income, and you've got yourself a realistic monthly mortgage payment.

## 6. Being deep in debt without a game plan to get out.

If you're holding onto a lot of credit card debt, stop using your credit cards. Continuing to recklessly spend your money will only further hurt your financial standing, and the, "What's a little more?" mentality has got to go. The first step to creating a game plan to get out of debt is to revisit your budget and factor in your monthly debt payments.

## 7. Spending more than what you're bringing in.

Its budgeting 101 — don't spend more than you have.

## 8. Not paying your bills on time.

When you don't pay your bills on time, you'll not only hurt your credit score, but you'll also waste your money on late fees.

## 9. Not having a budget. It's the root of nearly every one of these problems.

Not having a budget means you may have no idea what's going on with your money. You may not be sure how much you can realistically spend each week, and you probably don't track what you do spend. All it takes is about 30 minutes, so sit down, create a budget and start taking control of your finances.

Taken from

**manilla blog**  
The guide to an easier life.



# “ይፍቱን!”

(አጭር ልቦለድ)

መላኩ ዓለማየሁ

ከአዲስ አበባ ቲያትርና ባህል አዳራሽ

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ምንዳ የማታ ማታ በገጠመው መልካም ዕድል “ከጭንቅ ተገላገልኩ” ብሎ ሲገባ ቀውሱ መልኩን ቀይሮ ቤቱ ጠበቀው። መቀመጫው ላይ ተደላድሎ እንኳ ሳያርፍ “የምስራች” ያሉትን ዜና ባለቤቱ ወ/ሮ ሐረገወይን አቀበሉት። “አዬ እኛ ሰውዬ...እ... እኛ እንኳ... እኛ እንኳ... ከየኔታ ቤት በላይ ያሉት ሰውዬ!” የሰውየውን ስም አፈላልገው ማስታወስ ሲያቅታቸው በቤታቸው አድራሻ ማንነታቸውን እያመለከቱት “...ስንቴ ተመላለሱ? ለስራ ሳይሆን አይቀርም” በርጥቡ ሲቀበሉት የሚሰማውን ደስታ ገምተው አብረው ሊደሰቱ እየጓጉ ነገሩት። “አግኝቻቸዋለሁ!” አላቸው፤ ሊነግራቸው የፈለገውን ለማብሰር እየተቻከሉ። “ደግ!” አሉ ሐረግ ሰውየውን በእሳቸው መልዕክት አድራሽነት ቢያገኛቸው ይቋደሱት የነበረው ደስታ ስለደበዘበባቸው ቅር ቢሰኙም የግዳቸውን ፈገግ እያሉ።

“...እንዴት ሆነልህ ዛሬስ?...አገኘህ?” ደስታና ኩራት ልቡን እንደሞሉት ዘና ብሎ ከጭንቁ መገላገሉን ነገራቸው። “ነገ አንዳፍታ ሰርቼ አስፈታዋለሁ።” አለ ምንዳ በዚያ ድንግዝግዝ ክፍል ውስጥ ጥቁር ፊቱ ብርሀን እየረጨ።

ወ/ሮ ሀረግ የተናገረውን ሲሰሙ ጮቤ የሚያስረግጥ የደስታ ስካር ሲጎበኛቸው በሚያስተናግዱበት ልማዳቸው “እልል!...እልል!...እልል!...እያሉና እየሰገዱ ለፈጣሪ ምስጋና ያገባሉ፤ ራሳቸውን ከተቆጣጠሩም “ጎሽ! ጎሽ! አንተ የኔ ገብርኤል ምን ይሳንሀል?” ይላሉ ብሎ ጠብቋል ምንዳ። እሳቸው ግን ምን?...በገብርኤል ቀን?” ብለው ድንጋጤ በፈጠረው ጩኸት ቤቷን አናወጧት። ምላሽ አልሰጣቸውም። ያለበትን ጭንቅ እያወቁ ተቃውሞ በመስገዘራቸው ከፋው። “እኮ!በገብርኤል ቀን ዛፍ ልትቆርጥ?” መልሰው ጠየቁት። ትክ ብሎ ሲያያቸው ቆይቶ “ህም!”...ብሎ ፀጥ አለ።

ሁለት ቀን ባዘኖ ዛሬ ምሽት የወረደለትን መና ያጣጣለበት መሰለው። ትላንትናና ዛሬ ያሳለፈውን ውሎ እሱ ያውቀዋል። “የገንዘብን ውድነት ማወቅ ከፈለግክ ብድር ጠይቅ” ጠላ ቤት የሰማውን አባባል ዕውነትነት አረጋግጧል። ለወትሮው በአይነት ካልሆነበቀር በጥሬው እምብዛም ተበድሮ አያውቅም። ካልሰራ ጠላ በዱቤ ይጠጣል- በቃ! አልፎ አልፎ ጥቂት ገንዘብ ከጓደኞቹ ይበደራል እንጂ አንድ ሺህ ብር ተበድሮም አበድሮም አያውቅም። እንዲያውም እድሜውን ሙሉ ሺህ ብር ቆጥሮም አያውቅ። ሲቆጠር ያየበት ጊዜ እንኳ በቁጥር ነው። አሁን አንድ ሺህ ብር ክፉኛ ያስፈልገዋል-ለነፍሱ።

ፈለጉን ተከትሎ ዛፍ ቆራጭ የሆነው ልጁ ቦቼ ታስሯል። ዛፍ አከል ቅርንጫፍ ጥሎ በሰውና በንብረት ላይ ጉዳት በማድረሱ ፖሊስ በር ከዘጋበት 3ኛ ቀኑን ይዟል። በውጭ ሆኖ እንዲከራከር ተወስኖ የአንድ ሺህ ብር ዋስ ጠርቶ እንዲፈታ ፍርድ ቤት ትናንት ረፋድ ላይ ትፅዝብ ቢሰጥለትም ድህነት ከህግ በልጦ ቀፍድዶ አሳደረው። ማክሰኞ ለት ታስሮ ረቡዕ ፍርድ ቤት የቀረበው ቦቼ ከችሎት መልስ ወደ ጣቢያ ሲወሰድ ነግሮታል። “አባ!” የሚለው ያለእናት ያሳደገው ልጁ ማረፊያ ያጣ አይኑ ሲንከራተት ቆይቶ ከጀመረው መሀል ነጥሎ አባቱ ላይ እንዳረፈ ነገረው “ያለ አንተ ማንም የለኝ” ብሎ።

ከዚያች ቅፅበት ጀምሮ ምንዳ አላረፈም። ለልጁ ዋስ የሚሆን ታጣ። የልጁ ሃይለኝነት፤ የተጠረጠረበት ወንጀል አስከፊነት ዋስ አሳጣው። “በሱ የመጣ ለምን የፈለገ አይሆንም” የሚሉ የምንዳ የልብ ወዳጆች ቋሚ ስራ ይሁን የቤት ካርታ የላቸውም። “የእኔ” የሚለው ያገሩ ልጅ የመንግስት ሰራተኛ ወንድሙን ቢጠይቅለትም” ለአንድ ሰው ዋስ የሆነ ለሌላ ሰው መዋስ አይችልም” የሚለው ድንጋጌ ገደበው።



ቀሪው አማራጭ ብር ማስያዝ ሆነ። ኑሮው ከእጅ ወደ ጣሳ፣ ከጣሳ ወደ ሆድ ከሆነው ምንዳ ቤት ሺህ ብር ይኖራል ተብሎ አይታሰብም። ቀለብ በጣሳ ሽመታ፤ ጠላ በጣሳ መሸታ ኑሮው ይኸው ነው። ይሸጡ ይለውጡት ይሁን በዋስትና ያስይዙት ንብረት የላቸውም። ይብሱኑ ሲከፋ ደሞ ሰሞኑን የሱም፤ የባለቤቱም ስራ አልነበረም። አመት በአል የበዛበት ወር ሆነና ዛፍ ቆረጣ የለ፤ ጠላ ጠጪ የለ። ቀብድ እንኳ እንዳይቀበል ጠያቂም የለ። ዛፍ ቆረጣ የአደጋ ዋስትና አልባ ብቻ ሳይሆን የስራ ዋስትና አልባ መሆኑን እንደዚህ ሰሞን ተገንዝቦት አያውቅም። የጠላ ንግዱ እንደሆነ ወትሮም ለምንዳና ሚስቱ ቅራሪ ይተርፍ እንደሁ እንጂ ከማገላበጥ ያለፈ ትርፍ የለውም።

ያለእንቅልፍ ሲገላበጥ ያደረው ምንዳ ብድር ለመፈለግ ወገን ሲል ወጣ። ብድር ሲፈልግ ቢውል “ደሀ ከየት አምጥቶ ይመልሳል?” ሺ ብር ሰጪ ዓድቅ ታጣ። የቀናዎቹ ጓደኞቹ ሁለት አመት በአል ያራገፈው ኪስ ከመሀላ ጋራ እየተገለበጠለት ሲያይ ዋለ። ልመናው አድጓል!” ዛፍ ልቁረጥላቸው” ከሚል አልፎ “ወደፊት የሚሰራ ሲኖር እሰራለሁ” እስከ ማለት ወረደ። ከአስር እጅ አንድ ያህል የሚሆኑ ተጠያቂዎች የብድር ሳይሆን የምፅዋት ያህል ትንሽ ትንሽ ጣሉለት። የወ/ሮ ሀረግን ጠላ ማገላበጫ ወረት ጨምሮ፤ ላይ ተወጥቶ ተወርዶ ፤ መሬት ተቆፍሮ ተጭሮ ጀንበር ስትጠልቅ በምንዳ እጅ የገባው ብር 820 ደረሰ። ለሺህ ብር 180 ፈሪ ይዞ አመሸ።

ገንዘቡ ተክፍሎ ደረሰኙ ለፖሊስ ጣቢያው ነገ አርብ መድረስ አለበት። ካልሆነ ቦቹ እስከ ሰኞ....እረ ሰኞስ ምን ሊመጣ? እስከ ቀጠሮው ቀን ድረስ ለ14ቀናት ያለዕዳው ይታሰራል። ምንዳ ድህነትን ያውቀዋል። ደሀ መሆኑ ግን ተሰምቶት አያውቅም። ባገኘው ተደስቶ ይኖራል። ትላንትናና ዛሬ ግን የደሀ ደሀ መሆኑን አመነ። እንዳሁኑ መቼም ጊዜ ድህነቱን ጠልቶት አያውቅም። “እንደ ድህነት ሀጢያት የለም” እስኪል። ታዲያ በዚህ ውጥረት ላይ እያለ ነው ማምሻውን “አፎይ!” የሚያሰኝ ሲሳይ የወረደለት።

ሐሙስ ምሽት ለገብርኤል ዋዜማ ነው የጥር ገብርኤል ዋዜማ። የማግስቱ ገብርኤል የአመቱ

(ንግስ) ባይሆንም ገና የጥምቀት በአል መንፈስ ስላልበረደ ሽር ጉዳ ከንግስ አይተናነስም። የመንደሩ ወጣቶች ለጥምቀት በየመንገዱ የወጠሩት የባንዲራ ሽብርቅ አልተነሳም። የሰፈሩ ሰው ከረጢት አራግፎ ደግሷል። ወ/ሮ ሀረግም የኑሮ ውድነት ጡንቻ ቢያደቅቃቸውም የወሩን 4ኛ ፀበል ዓዲቅ አዘጋጅተዋል። ለታህሳስ ገብርኤል፤ ለገናና ለጥምቀት ከደገሷቸው ድግሶች ባይስተካከልም ለጥር ገብርኤል እንዳቅማቸውና እንዳቅሙ ጠንስለውለታል። ምንዳ በዋዜማው ዋዜማ ዋስ፤ በዋዜማው ብድር ደግሶ ሳይሆንለት ፀሀይ እያቀረናው መንደር ለመንደር ዞረ።

ያለቅጥ ያደጉትን የባህር ዛፎች ቅርጫፎቻቸውን ካላስቆረጡ ቅጣት እንደሚጣልባቸው ማስጠንቀቂያ የተሰጣቸው ሰው በእግር በፈረስ ፈልገው ማምሻውን አገኙት። “አደራ ቁረጥልኝ” እያሉ ሊያግባቡት ሲሸቆጠቁጡ በደስታ እግራቸው ላይ ወደቀ። ከእንብርክኩ ሊያነሱት ቢሞክሩም ለፈጣሪው ምስጋናውን እስኪያደርስ አልሆነላቸውም።

የዛፎቹ ቅርንጫፎች፤ እንደውም ዛፎቹ ራሳቸው መቆረጥ አለባቸው። መቆረጥ የሚኖርባቸው ደሞ ነገ። ሰኞ መብራት ሃይሎች ይመጣሉ። ዛፉን ካላስቆረጡ ኤሌትሪክ ይቆርጣሉ። ጦሱ ደግሞ ለመኖሪያ ቤት ግልጋሎት የኤሌክትሪክ ሃይል በማሳጣት ብቻ አይገታም። በመኖሪያ ቤታቸው ቅጥር ግቢ የተከሉት የዘይት መጭመቂያ ስራ ይፈታል። የባንክ ብድር ክፍያ ይስተንሳላል፤ የሰራተኛ ደሞዝ፤...ምኑ ቅጡ? ስለዚህ ከነገ ሌላ አማራጭ የለም። ፈላጊና ተፈላላጊ ተገናኝና” ያረዘቡትን ስጋት ያለምጥ ተገላገሉ። ዛፎቹን በድንገገግዘቱ አይቶ የገመተውን ዋጋ “እርግጡን” እንኳ ሳይሉ ተስማሙ። በጧቱ ሄዶ ልጁን ለማስፈታት አስቦ 180 ብር ቀብድ እንዲሰጡት ቢጠይቃቸውም እንዳይቀርባቸው ሰግተው “አምቢ” አሉ። ለእሳቸው ሲል ፈጣሪ ልጁን ያሳስረላቸው ይመስል “እንደው ልጅህ እንዴት ሆነ?” እንኳ ሳይሉት መቅረታቸውን ኋላ ሲያስቡት ሊቆጠቁጣቸው “አደራ!” ከአይናቸው እስኪሰወር ተማፀኑት። ምንዳ ጧት በአንድ አፍታ ጨርሶ ከማስፈቻው ማሟያ በሚተርፈው ገንዘብ ልጁን በፌሽታ ለመቀበል እየሰበ ሊተኛ ገሰገሰ።



ታዲያ “ልጄ ታስሮ ይሰንብት?”

“ምን ይሆናል? ጨው አይደል አይሟሟ። እሱም ያንተው ቢጤ ነው፤ ያሉትን አይሰማ። በዕለተ

ኪዳኗ ሲቆርጥ አይደል አደጋ የወደቀበት? ገብርኤልን ከመግደፍ....”

“ይታሰር?”

“ምን ይደረግ መቼስ?

“ዱሮም ልጄን አትወጂውም”

“ምን አረገኝና?”

“በመጣ ቁጥር መቼ ሳትናገረው ሄዶ ያውቃል?”

“ረጋ በል! ሰከን በል! እያልኩ መቆጣቴ የእናትነቴን እንጂ.....”

“የልጅን ዋጋ አታውቂውም። ምን ታረገ? እንዴት ሆኜ እንዳሳደኩት.....” ግጭቱ ናረ።

“መካንነቴን ልትነግረኝ ነው?” ወ/ሮ ሐረግ ተንሰቀሰቁ። ግን አልቅሰው አልቀሩም።

እምባቸውን አደራርቀው የመልስ ምት ወነጨፉ። “መስሎህ ነው፤ እኔ የምጠላውም የለኝ። አንተንስ አግብቼ የለ?”

“ላንቺ አንሼ”

ወይ ሰው አለማወቅ? ታውቀኛለህ አይደል? ያኔ መቼ ጨብጨህ አውቅ ነበር?”

“ታዲያ ምነው በዚያው አልፀናሽ? ራስሽ ለምነሽ ነው የገባሽው። እኔ ጠየቅኩ?”

“መቼም ገራምነትህን ወድጄ እን ጂ አትመጥነኝም። ደግነቱ... እስከለተሞቴም አያገኙኝም እንጂ ወላጆቼ ዛፍ ቆራጭ ማግባቴን ቢሰሙ....”

“ምን ሊሉ? እኔ ዛፍ ቆራጭ አንቺ ጠላ ሻጭ....”

“ስራ አርገኸዋል? ፍታት እንኳ አይደረግለትም ዛፍ ቆራጭ”

“አሁንም አልቀረ ይኼ ደረጃ ምደባ?”

“እንዴት ይቀራል? ካገር ሙሉ ቁምጣ እንኳ ያንተ አይደለ የቀረ”

“እሱን ተይው የማይፈታው ምን ስለሆነ ነው?”

“ዛፍ ቆራጭ!”

“ያለሃጢያቱ? ዛፍ ቆራጭ ስለሆነ ብቻ?” .....

“አዎ! ዛፍ ቆራጭ ስለሆነ ብቻ?”

ከሚስቱ ጋር መከራከሩን ገታ አድርጎ እራሱ ከራሱ ይሞግት ገባ። “ድህነት ብቻ ሳይሆን ዛፍ ቆራጭነትም ሀጢያት ይሆን እንዴ?” ስጋት ጎበኘው። ከዛሬዋ ቀን በፊት ዛፍ ቆራጭ ፍታት እንደሌለው ሲሰበክ ቀርቶ ሲሸጥርም ሰምቶ አያውቅም። የምንዳ ህይወት ከቤት-ዛፍ-ጠላ ቤት-ቤት... ለቀብር ካልሆነ በቀር ቤተ ክርስቲያን ሄዶ አያውቅም። “ጆሮ ለባለቤቱ....” ሆኖ ይሆን? የኔታ እንኳ እንዴት አልነገሩትም? ይወዱታል። እሱም ነፍሱ እስኪጠፋ ይወዳቸዋል። ዛፍ ሲቆርጥላቸው እንኳ አስከፍሏቸው አያውቅም። “ታዲያ እንዴት...” እውነት ቢሆን ይነግሩት ነበር። “ቆይ የኔታን እጠይቃለሁ።” መፍትሄውን አምጦ የወለደው ግኝት ያህል እየተኩራራ።

“እሱ ጥሩ አሳምረው ይነግሩሃል።”

ምንዳም ያሙን የዋለ ሆዱን ቤት ባፈራው ሳይሸነግል ነገር ያዘበትና ተደፍቶ ሲገላበጥ ወገግ አለለት።

ነጋ አልነጋ ብሎ ከስራ ስምሪት በፊት የኔታን ለዛፍ ቆራጭ ፍታት ስላለመደረግ መደረጉ ለመጠየቅ ቁርስ ሳይቀምስ ከቤት ወጣ። የስራ መሳሪያዎቹን ትከሻው ላይ እያስተካከለ እግሮቹን አፍጥኖ ።

የኔታ በቤት የሉም። “ቤተክርስቲያን ሄደዋል።” ተባለ። ለጥያቄው መልስ ሳያገኝ ቅዳሴ አልቆ ከመምጣታቸው በፊት ፤ ወዲህም ለልጁ ለመድረስ ሲል ስራውን በቶሎ ለመጨረስ ተሰማራ። አሰሪዎቹን ረዳት አድርጎ ለመስራት ከዛፍ አናት ወጣ። የየኔታ ቤት እና የአሰሪው ቤት አጠገቡ በመሆናቸው ከፊል ግድግዳቸው የሚታየው ከመሆኑ በቀር የራሱን ቤት ጨምሮ የመላ ሰፈሩ ቤቶች ጣራ ችግር-ጉር ሜዳ መስሎ እየታየው ስራውን ቀጠለ።



ምንዳ ተክለ ሰውነቱ ባያሳጣውም እርጅና አጥልቶበታል። እንደቀድሞው “ሲራመድ መሬት ያነቃነቃል” ይሉት አይነት አይደለም። ከዛፍ አናት ላይ የቆመበት ቅርንጫፍ ተሰብሮ ቁልቁል ሊወርድ ሲል ተወርውሮ የሌላ ዛፍ ቅርንጫፍ ይዞ ድኖ ያውቃል። ዛሬ ዛሬ ግን የዚያን ያህል ቅልጥፍናና አቅም የለውም። አሁን እንደውም አንዳንድ ጊዜ ጭው ይልበታል። ለወትሮው አሞትም ደክሞትም አያውቅም። አንዳቸው ሲጠጉት ምንዳ ጠላ ችግር! ባናቱ አረቁ!-በቃ! ምንዳ ረሀብን ያውቀዋል። ተርበው የማያውቁ ወይም የረሱት እንደሚሉት ሆድ አያጮህም። ሆድ ያቃጥላል፤ አቅም ይነሳል፤ አይን ይይዛል.....። እነዚህና ሌሎችም የራሳቸው ምልክቶች ቢያጣድፉትም ከልጁ ራሳቸው አይበልጡበትም። ሆን ብሎ ሊረሳቸው እየጣረ ስራውን ቀጠለ።

ምንዳ ረሀቡን የሚረሳላት ጥረቱ በመጠኑም ቢሆን ቢሳካለትም ከወ/ሮ ሀረግ ጋር ያወሩትን ግን መርሳት አልቻለም።

የመጨረሻው ዛፍ አናት ላይ ወጥቶ እየቆረጠ ሳለ ቅዳሴው አብቅቶ መምሩ ወደ ቤት ተቃርበዋል። “መምሩ!” ዛፍ ቆራጭ ፍታት የለውም የሚባለው.... “እውነት ነው?” አድሮ የዋለ ጥያቄውን ሰነዘረ። “ምን አልከኝ?” ጥያቄውን ሊናገሩት እንጂ ሊያዳምጡት ላልተዘጋጁት የኔታ ከመድገሙ በፊት ጭው-ጭልም አለበት።

ቁልቁል እየተምዘገዘገ ሳለ ቢነቃም እንደሌላው ጊዜ ቅርንጫፍ ይዞ ለመትረፍ የሚያውለው ንቃትና ቅልጥፍና አልነበረውም። እንደ ህልም መስለው ለሚታዩትና “ምነው በለተ ቀኑ?” ብለው ሊገዝቱት አንጋጠው ወደሱ ለሚመጡት የኔታ መሬት ከመድረሱ በፊት የሚለውን አላቸው። ተማፅኖ። ልጁን ከምድራዊው እስር ቤት፤ እሱን ከሰማያዊው ሲኦል የሚፈታ ተማፅኖ- “ይ... ፍ...ቱ... ን!”።

// // --- // //

## ደቀርሻል 75

የኑሮ እንጀራን ማጣፈጫ ወጡ  
ካንቺ ዘንድ አይደለ ያለው ብልጋቱ?  
ተፈጥሮ አሳዳሳም በአእምሮ ብቃትን  
በተግባር ውድደር ከወንዱ እኩል ነሽ  
በማህበራዊ ዘርፍ የላቀው ችሎታን  
ሰርቶ በማሰራት መግባባት መቻልን  
በዚህ ሚዛን ደፍቷል  
ውጤትን አይሷል።

የፈጣሪ ስራ የመፍጠር አሻራ  
ሳንቺ ተቸሮሻል ከጥበቡ አዝመራ  
ልጅ ወልደ ማሳደግ ቤት መምራት በመሳ  
እንደቀሳል ነገር የተባለ ችላ  
ልዩ ተሰጥዎ ነው ችሎታ ማሳያ።

ዜማ እንገርገሮሽ ህጻን ማባበያ  
ድምጽሽ ለልጆችሽ ለአእምሮ መዝናኛ  
አስተዋጽዎ አለው ለመልካም ስዕብና  
እንዲሁም ለአስተዳደሪቶች ህይወት ነው ለአበባ።

ጡትሽ.....

ከምግብነት አልፎ ሆድን ከመሙያ  
የፍቅር ሰንሰለት ሆኖ መጣመሪያ  
የእናትነት ሚስጥር የሀገር መጠሪያ  
የገጽ ምሰሶ የቤተሰብ መከራያ።

ሆነሽ እየተገኘሽ.....

የስራ መደብሽን በአባባል ሲሰጡሽ  
«ሴት በማጀት  
ወንድ በችሎት»  
ብለው መድበውሽ።

በሌላ አንጻር ደግሞ ...  
ምን ያማረ ቢሆን ቤቱ ከነዕቃው  
እና ነው የሚሆን ሴት እስካልገባው።



የቸገረ ስታ ግራ የገባ ቀን  
ታዳጊዋ እንኳ ብቁ ስለምትሆን  
«የሴት ትንሽ የሰው»  
ብሰው ያሞግሱሻል ማጀት ሲከብዳቸው  
ችሎቱን አጥብቀው::

ደግሞ ሴላም አለ . . .  
የያዝሽው መኪና ዋጋ እያወጣ  
«ሴት የያዘው» ሲባል ደሂ ስም ሲወጣ  
በጠንቃቃነትን ከሱስ በመጽዳት  
አልተገዳምና ያንቺ መኪና  
ይፈሰጋል ሁሴም  
ገበያም አያጣም::

ከአንቺነት በላይ  
ገዢ ስራሽ ሲታይ  
የሚገባሽን ግን ዛሬም አላገኘሽ  
መብትሽን አሰከብረ በራስሽ ተማምነሽ::

ምንም ብታውቂ እንኳ እውቅና ተነፍገሽ  
ከመሪነት መስመር ዛሬ ድረስ ርቀሽ  
«ደሂ ኃላፊነት ለሴትስ አይሆንም  
ወልዳ ትቀራለች በፍጹም አንሰጥም»  
ተብለሽ ስትቀራ. . . .

አንቺ የሴሰሽበት እድገት ይታሰባል?  
የምእታመቱስ ግብ እንደምን ይሳካል?

ስለዚህም በርቺ...  
የቀርሻል ገና ከአስተሳሰብ ውጊያ (2)  
አመሰካከትን ፍቅ መቀየርያ::

ከማርታ በለጠ  
29/07/13

የተማረ ሆኖ እውነቱን የማይገልጥ፤

ባለፀጋ ሆኖ ገንዘቡን የማይሰጥ፤

ደሃ ሆኖ መስራት የማይሻ ልቡ፤

ሶስቱም ፍሬ ቢሶች ለምንም አይረቡ::

ዶ/ር ከበደ ሚካኤል

**This is the reason why mothers are more devoted to their children than fathers: it is that they suffer more in giving them birth and are more certain that they are their own.**

*Aristotle*



# RRITU

