

# NAF-IRN

Natural Resources, Agricultural Development and Food Security  
INTERNATIONAL RESEARCH NETWORK

NAF

International Working Paper Series

---

Year 2016

paper n. 16/03

---

## Analysis of the Features of Poverty in Dire Dawa: A Socio-Political Economy Approach

**Yonas Abera**

*Dire Dawa University*

[aberayonas2004@gmail.com](mailto:aberayonas2004@gmail.com)

**Anwar Adem**

*Dire Dawa University*

The online version of this article can be found at:

<http://economia.unipv.it/naf/>

## **Scientific Board**

**Maria Sassi** (Editor) - University of Pavia

**Johann Kirsten** (Co-editor)- University of Pretoria

**Gero Carletto** - The World Bank

**Piero Conforti** - Food and Agriculture Organization of the United Nations

**Marco Cavalcante** - United Nations World Food Programme

**Gebrekirostos Gebreselassie** - Dire Dawa University

**Luc de Haese** - Gent University

**Stefano Farolfi** - Cirad - Joint Research Unit G-Eau University of Pretoria

**Ilaria Firmian** -IFAD

**Ayub N. Gitau** - University of Nairobi, Kenya

**Mohamed Babekir Elgali** – University of Gezira

**Belaineh Legesse** - Haramaya University

**Firmino G. Mucavele** - Universidade Eduardo Mondlane

**Michele Nardella** - International Cocoa Organization

**Bekele Tassew** - Ambo University

**Nick Vink** - University of Stellenbosch

**Alessandro Zanotta** - Delegation of the European Commission to Zambia

## **Technical Board**

**Nicola Martinelli** - University of Pavia

**Alessandra Perneti** - University of Pavia

Copyright @ Sassi Maria ed.

Pavia -IT

[naf@eco.unipv.it](mailto:naf@eco.unipv.it)

ISBN 978-88-96189-43-6

## Analysis of the Features of Poverty in Dire Dawa: A Socio-Political Economy Approach

**Yonas Abera**

*Dire Dawa University*

**Anwar Adem**

*Dire Dawa University*

### **ABSTRACT**

*This paper was conducted using socio-political factors as a core point of analysis of features of poverty in Dire Dawa Administration. This inquiry was undertaken making use of both primary and secondary data sources. Survey was conducted on 80 poor and 80 non-poor households, and key informant interviews and focus group discussion were made with officials of government and non-government organizations. In addition, policy documents were reviewed to get qualitative information. The collected data was analyzed using mixed approach (using both quantitative and qualitative methods of analysis). The quantitative analysis was made using econometric probit regression model; the result of which shows that gender, demographic factors, education, background of the households, social interaction, kinship, access to resources, and other natural threats were found to be statistically significant to affect economic status of households. Hence, these factors should be well considered while dealing with poverty reduction activities. The qualitative analysis carried out based on result of interviews shows that there are multi-dimensional socio-political factors and practices that need due attention which otherwise retard efficiency of the poverty reduction activities.*

**Key words:** Poverty, socio-political, policy, factors of poverty

## INTRODUCTION

Poverty, nowadays, became most pressing public policy concern at the international and national as well as local level. Especially, at international level, poverty-focused policies have been widely adopted in the last thirty years. These include Structural Adjustment Programs (SAPs), Poverty Reduction Strategies (PRSs) and the Millennium Development Goals (MDGs). In spite of these initiatives, poverty remains the most pressing problem of the planet in general and developing countries in particular. In sub-Saharan Africa (SSA), there is a dismal record of implementing anti-poor policy decisions and inadequate poverty reduction results. The unfeasibility to achieve these policy objectives possibly results from the multi-dimensional nature of poverty that differs in different socio-economic and socio-political contexts (Maia and David, 2005; 876).

The cause of poverty, especially in sub-Saharan Africa, is multidimensional and not merely takes scarcity of resource and natural vulnerability for granted. It is, rather, worth to consider sense of powerlessness and a lack of participation in one's community and decision making, low capacities and the absence of being listened to, limited livelihood opportunities and other constraints related to production, distribution, institutional and policy factors. Institutional and policy factors imply weak formal state institutions that result in poorly designed and implemented policies and inadequate service delivery (Geoff *et al.*, 2009).

Moreover, Geoff *et al* (2009) claim that in the distribution of resources, rulers may operate under the auspices of informal norms and discriminatory practices based on religion, ethnicity, regionalism or tribalism. Informal networks of influential people and their personal logic often make decisions that affect poverty reduction. In addition, implementation of policies by public bureaucracies that run counter to elite interests is likely to delay.

No matter the multi-dimensional nature of poverty that differs across different societies, poverty analysis continued to be dominated by an income/consumption conception of poverty. According to Maia and David (2005; p.876), frameworks based on the understanding of poverty reduction as linearly increasing household income or consumption through economic growth are unlikely to generate development policies and mobilize public action that can adequately tackle the

underlying causes of poverty. Although economic growth is a necessary condition, it is not sufficient to achieve poverty reduction.

Consequently, many contemporary definitions of poverty go beyond income based definitions of poverty. The features of poverty is not only viewed as ill-being (income deprivation), but also viewed as well-being which includes political-economic inter-linkages and cultural construction of definitions of poverty. Therefore, understanding a clear picture of poverty requires an emphasis to the inter-play of economic and socio-political institutions (Anthony, 2006). Hence, poverty related studies are interested in mixing methods, reflecting its cross-disciplinary nature to accept and promote cross-disciplinary approaches implies openness to the use of all available insights to gain a better understanding of phenomena” (Nicola and Andy, 2007; 5).

According to MOFED (2006), Ethiopian Government devised its Poverty Reduction Programs to insure poor people become the main beneficiaries of economic growth. It also claims improvements in institutional efficiency and function of public services, improvements in governance to move forward in the transformation of society, improve empowerment of the poor and set frameworks that provide an enabling environment for poverty reduction.

Poverty in Ethiopia, alike other sub-Saharan African states, is persistent, widespread and dominantly structural. The poverty situation in Ethiopia exhibits a number of unique features and characteristics that reflect the dynamics of population growth, the distribution of opportunities, and subsistence dominated agricultural sector, and the policy environment that hampered the realization of the economic potentials of the nation (World Bank, 2005). Despite a robust economic progress in recent years, problems related with inequity in resource distribution, production inefficiency, manipulation and misuse of anti-poor programs for personal benefit, and weak institutional arrangements and bureaucratic hurdles have all exerted adverse influence on economic growth performance (Moges, 2008).

Dire Dawa is one of the regions in Ethiopia where urban poverty is expected to prevail with the aforementioned features. In absolute terms, the greatest numbers of poor people live in the “marginal areas” who are engaged on petty trade & informal trade (DDAEP, 2011, 68). Similar to the other part of Ethiopia, gender inequality and discrimination are said to have a long and

deep rooted history in Dire Dawa whereby women and neglected groups are suffering from deprivation of basic rights (intentionally or unintentionally), such as education, employment, property ownership and even deciding on family planning matters. This situation pertains in spite of the constitution (*Art. 35 No.1-9*) which stipulates the equal rights of all people in family and development activities (Tewdros and Girma, 2008; 14).

Hence, we can infer that, despite recent economic development and poverty reduction effort at national level in general and Dire Dawa in particular, the number of women and neglected groups living with poverty is not declining in absolute term. According to Harriss (2007), one of the major reasons for existence of this problem is failure to address the feature of the socio-political situations including the dynamic, structural, institutional and relational factors that give rise to poverty.

Therefore, the level of poverty and the nature of people living in poverty in Ethiopia and Dire Dawa calls for a deep analysis of the nature of poverty and how policy measures are taken for poverty reduction. In order to comprehend issues that are pertinent to poverty and its eradication in Dire Dawa, it is necessary to make an analysis of the underlying political-economic forces that shape state decision-making, policy-implementation processes and its capacity to address distributional and poverty reduction objectives. Understandings of poverty should go beyond measurement-led conceptualizations to adequately expose the causes of poverty. Accordingly, this research uses a political economy approach to understand whether the nature of poverty in the city is embedded within socio-political institutions and economic structures.

### **Research Questions**

- How do the features of poverty in Dire Dawa look like?
- What do the poor think regarding the main causes for their impoverishment?
- Do the poor people believe that there is equitable benefit distribution and are they on path of being beneficiaries of the recent economic growth? If not, why?
- Do the poor have difficulty to access economic resources because of cultural, gender, religious or other discriminatory background?
- Is there enabling institutional environment that empower the poor to participate in decision making of poverty reduction policies and programs?

- On what accounts poverty reduction programs are devised and benefits are distributed by the administrative bodies and stakeholders?

Keeping these questions in mind, the general intent of this inquiry is to approach and study the features of poverty in Dire Dawa in socio-political economy perspectives and assesses poverty reduction programs in the city. Specifically, in this inquiry, attempts were made;

- To examine the nature and causes of poverty in Dire Dawa and discuss the plight of the poor
- To analyze whether poverty in the city embeds in the working of socio-political institutions and economic structures
- To assess the performance of poverty reduction programs in Dire Dawa in view of the nature of poverty in the city and policy demand of the poor

## **RESEARCH METHODOLOGY**

### **Type and Source of Data**

This research follows a political economy approach in the sense that it is a multi-disciplinary study that combines socio-political and economic aspects. Therefore, it employed a mixed method that highlights and reconciles the advantage of both qualitative and quantitative research method. To this end, both quantitative and qualitative information were taken into account. The importance of this method lies in the fact that, on the one hand it avoids the limitations of quantitative research studies of the economist approach that downplay the institutional spheres, opinions and perceptions of research participants and on the other hand avoid impartiality of qualitative limitation. Moreover, mixed-methods evaluations can be conducted under a constrained budget to have a sample large enough to cover at least the primary heterogeneity in the population and in project impacts that are of interest.

With regard to the source of data, both primary and secondary sources were used. The primary data were collected from some selected respondents/households as well as Government and NGOs officials of Dire Dawa; whereas the secondary data were extracted from publications of

all the possible institutions dealing with the issue under consideration which include Central Statistical Agency, National Bank of Ethiopia, Dire Dawa Administration Office (Bureau of Finance and Economic Development) and different Non-Governmental Organizations.

### **Sampling Design**

This study generally focuses on aspects of poverty so that the major elements of the population considered for this study primarily include the poor households living in Dire Dawa Regional Administration in urban area. These individuals were identified with the help of the kebele administrations and NGOs which are established for pro-poor relief and charity activities. Accordingly, three kebelles where majority of the poor households are found were purposively selected. These include kebele 09, kebele 02 and kebele 06 which are ranked first, second and third in terms of existence of impoverished households (Zerihun, 2013). From these kebelles, 80 economically poor households were selected proportionally, using purposive sampling method. Purposive sampling method was used because it was difficult to get sampling frame of poor households to applied random sampling method. However, efforts were made to make the sample as representative as possible taking proportionality of the sample among the three selected kebelles.

The procedure of sampling of the poor households is indicated in table 3.1. The table shows that, according to Zerihun (2013), the estimated total number of households in kebele 02, 06 and 09 are 9087, 4372, and 6599, respectively, in 2008. Given this and based on the poverty head count ratio, the total poor households were estimated to be 2726, 2492, and 3299, respectively. Hence, the proportion and number of selected households are 0.32 (26), 0.29 (23), and 0.39 (31), respectively.

In addition to these poor households, for the sake of comparison of the socio-political situations and factors of poverty using quantitative analysis, 80 non-poor households were selected proportionally from 3 kebelles where the number of poor households is relatively lower. According to Zerihun (2013), kebele 03, 08 and 04 are ranked to be first, second and third in terms of absence of poor households.

Table 3.1 Total and selected sample households

kebelle	Total households	Head count ratio of poverty	Poor households	Sample proportion	Selected sample
02	9087	0.3	2726	0.32005344	26
06	4372	0.57	2492	0.292574	23
09	6599	0.5	3299	0.38737256	31
<b>Total</b>			<b>8517</b>	<b>100</b>	<b>80</b>

Source: Extracted from Zerihun (2013) and own computation

The procedure of sampling of the non-poor households is indicated in table 3.2. The table indicates that estimated total number of households in kebele 03, 04, and 08 are 4050, 5540, and 4750, respectively, in 2008. Hence, using the proportion of non-poor households, which is derived from the head count ratio, the estimated numbers of non-poor households in these three kebelles were found to be 3726, 3989, and 4132, respectively. Using similar approach, the proportion and number of selected sample households are 0.31 (25), 0.34 (27), and 0.35 (28), respectively.

Table 3.2 Total population and selected sample of non-poor households

kebelle	Total population	Head count ratio of poverty	Non-poor ratio	Non-poor households	Sample proportion	Selected sample
03	4050	0.08	0.92	3726	0.314502038	25
04	5540	0.28	0.72	3989	0.336684308	27
08	4750	0.13	0.87	4132	0.348813654	28
<b>Total</b>				<b>11847</b>		<b>80</b>

Source: Extracted from Zerihun (2013) and own computation

Here, we have to note that the level of per capita consumption of the selected households under each group (both the poor and non-poor) was critically checked and compared to the national poverty line, while selecting the sample from each category. The national poverty line during 2006 was 2406 birr per year (MoFED, 2006/07; cited in Zerihun, 2013). This poverty line was adjusted to the annual inflation rate of Dire Dawa until 2012, as shown below. Finally, it was reached that the poverty line in Dire Dawa during 2012 is 7432 birr per year. Hence, monthly

poverty line during 2012 is 619 birr. Households are considered to be poor if per capita consumption falls below 619 birr per month.

Table 3.3 Poverty line computation in Dire Dawa

Year	Annual Inflation rate in Dire Dawa	Added due to inflation	Poverty line
2006			2406
2007	17.5	421	2827
2008	36.5	1031	3858
2009	13.5	520	4378
2010	7.7	337	4715
2011	24.7	1165	5880
2012	26.4	1552	7432

Source: MoFED, 2006/07 and own adjustment

In addition to the sample households, concerned government officials and top managers of NGOs were considered and consulted in order to extract qualitative information about the performance of the political economy sphere of poverty reduction policies.

### **Methods/Strategies of Data Collection**

To collect both the quantitative and qualitative data, we have used sequential procedures beginning with a quantitative method in which theoretical questions were evaluated and followed by a qualitative method involving detailed exploration using a few cases. The methods of data collection employed in this inquiry include questionnaires; focus group discussions; interviews and observations.

### **Methods of Analysis**

This study took into account quantitative and qualitative ways of analysis. The detail of methods of analysis in line with each specific objective of the study is stated as follows.

- i) To examine the nature and causes of poverty, both qualitative (descriptive) and quantitative ways of analysis were employed in consideration of current and past personal aspects of the poor. In line with this, all the possible factors (including the

socio-political factors) which are expected to impoverish the people were critically treated using simple descriptive statistical tools, literature reviews and/or theoretical lens. These variables include demographic composition of the poor households, family background of the poor, the current relation of the poor to the whole society, the way how the poor are treated by the whole society and elites, the poor's access to different socio-economic resources, and similar aspects were considered with the help of well-designed questionnaire.

- ii) In addition, a quantitative method of analysis, specifically binary choice econometric model (probit regression) was used to identify the major socio-political factors of poverty, taking the probability of being poor as a dependent variable. Functional specification of the probit, binary econometric regression is formulated as shown below.

Suppose we want to explain a household is either poor or not. This can be explained using the households' level of per capita consumption which is either less than or greater than the poverty line. These households economic status is described as;

$y_i = 1$  if the household is poor (households' per capita consumption is less than the poverty line)

$y_i = 0$  if the household is non-poor (households' per capita consumption is greater than or equal to the poverty line)

Following Verbeek (2004), in order to explain  $y_i$  using explanatory variables, we can use a linear regression of the form:

$$y_i = x_i B + e_i \dots\dots\dots (1)$$

Where:  $y_i$  is vector of poverty dummy with value of 1 or 0.  $y_i = 1$  if the household i is poor whereas  $y_i = 0$  if household i is non-poor

$x_i$  represents all the factors (including the socio-political factors) which are expected to affect  $y_i$

B is vector of coefficients of the regressors

$e_i$  is vector of the error term

Because  $y_i$  has only two possible outcomes (0 or 1), the error term, for a given value of  $x_i$ , has two possible outcomes as well. In particular, the distribution of  $e_i$  can be summarized as;

$$P\{e_i = -x_i' B / x_i\} = P\{y_i = 0 / x_i\} = 1 - x_i' B \dots\dots\dots (2)$$

$$P\{e_i = 1 - x_i' B / x_i\} = P\{y_i = 1 / x_i\} = x_i' B \dots\dots\dots (2')$$

This implies that the variance of the error term is not constant but dependent upon the explanatory variables according to  $V\{e_i|x_i\} = x_i' B(1 - x_i' B)$ . Note that the error variance also depends upon the model parameters B. To overcome the problems with the linear model, there exists a class of **binary choice models** (or univariate dichotomous models), designed to model the ‘choice’ between two discrete alternatives. These models essentially describe the probability that  $y_i = 1$  directly, although they are often derived from an underlying latent variable model. In general, we have

$$P\{y_i = 1 / x_i\} = G(x_i, B) \text{ for some function } G(.) \dots\dots\dots (3)$$

This equation says that the probability of having  $y_i = 1$  depends on the vector  $x_i$  containing individual characteristics. Clearly, the function  $G(.)$  should take on values in the interval  $[0, 1]$  only. Usually, one restricts attention to functions of the form  $G(x_i, B) = F(x_i' B)$ . As  $F(.)$  also has to be between 0 and 1, it seems natural to choose  $F$  to be some distribution function. Common choices are the standard normal distribution function.

$$F(w) = \phi(w) = \int_{-\infty}^w \frac{1}{\sqrt{2\pi}} \exp\{-\frac{1}{2}t^2\} dt \dots\dots\dots (4)$$

This leads us to the so-called probit model.

- Here, in this particular study, we have used the probability of being poor,  $P(y_i = 1)$  as a dependent variable, for the sake of ease of analysis.

Table 3.4 Descriptions of variables in the model

Name of the variable	Type of the variable	Description	Expected relationship with the dependent variable
The probability of being poor ( <b>Dependent Variable</b> )	Probability	Probabilistic that takes values between 0 and 1	-----
Sex of household head	Dummy	0 for female and 1 for male	Female headed households are relatively more exposed to poverty than male headed households (Andersson <i>et al.</i> , 2006).
Age of household head	Continuous	Continuous	Age is positively related with income (Hartog, n.d.). Hence, as age of household head increases the probability of being poor reduces.
Education level of household head	Continuous	Years of education were considered	As the level of education increases the probability of being poor reduces (Andersson <i>et al.</i> , 2006).
Family size	Continuous	Continuous	As family size increases, the probability of being poor increases (Andersson <i>et al.</i> , 2006).
Economic back ground of the household <sup>1</sup>	Dummy	1 for very poor, 2 for poor, 3 for good, 4 for very good economic back ground.	Theory of vicious circle of poverty states that if the back ground of the household is poor, the probability of being poor increases (Mosley and Verschoor, 2003).
Number of better off kin relatives	Continuous	Number of better off kin relatives of the households around the area was considered	Access to financial resources is meant to reduce poverty (Quach <i>et al.</i> , 2005). Hence, as the number of better off kin relatives of a household increases, its probability of being poor reduces since the household has good opportunity to access resources from relatives.
Idir or Jeme'a membership	Dummy	1 for members and 0 for non-members	Social interaction is considered to be a means of households' aspiration (Macours and Vakis, 2006). Hence, being member of Idir/Jeme'a is expected to reduce the probability of being poor.
Interaction with better off people	Dummy	1 for very poor interaction, 2 for poor interaction, 3 for good interaction and 4 for very good interaction	If a household has very good/good interaction with economically better off people, its probability of being poor reduces (Macours and Vakis, 2006)
Access to credit	Dummy	1 for those who have access and 0 for not having the access	Access to credit is expected to reduces the probability of being poor (Quach <i>et al.</i> , 2005).
Number of children	Continuous	Continuous	As number of children increases, the probability of being poor increases due to dependency (Andersson <i>et al.</i> , 2006)
Number of sources of income	Continuous	Continuous	Increase in number of sources of income is expected to reduce the probability of being poor (Tsai, 2011)
Place of origin of the household head	Dummy	1 for Dire Dawa and 0 for other places	Migration is expected to increase the probability of being poor (de Haan and Yaqub, 2008).
Discrimination	Dummy	1 if discriminated and 0 other wise	Discrimination as the result of poor govnrance over access to resources and information is expected to increase the probability of being poor (Addae-Korankye, 2014).
Loss of parents	Dummy	1 for who lost and 0 other wise	Loss of parents is one of the reasons for children to live on street. Hence, we expect that it increases the probability of being poor.
Loss of assets	Dummy	1 for who lost and 0 other wise	We expect that substantial loss of assets due to different reasons such as accidents (like flood which is common in Dire Dawa) increases the probability of being poor

<sup>1</sup> Likert type rating scale was used to measure economic back ground of the households and their interaction with better off people. The respondents were asked to specify their previous economic status 20 to 30 years ago; and their interaction with the better off people.

iii) To assess the performance of poverty reduction programs in Dire Dawa in view of the nature of poverty in the city and policy demand of the poor, descriptive and qualitative ways of analysis were employed, making use of in-depth interviews and focus group discussions. This was carried out in consideration of the mechanisms of helping the poor and major achievements by the poor due to the existence of the programs. This analysis was carried out based on Sustainable Livelihood Approaches (SLA).

Sustainable Livelihood Approaches (SLAs) are among the several approaches that have been developed to address the challenges posed by the multi-dimensional nature of poverty. These have gained wide recognition among development practitioners and researchers (Foresti *et al.*, 2007). The Sustainable Livelihoods Framework was considered a suitable approach in analyzing and researching poverty, and the framework is people-centered, holistic in approach, dynamic and it acknowledges that the poor have answers to their problems (Walter *et al.*, 2004).

SLAs foster a multi-dimensional approach to poverty analysis and reduction, and can be used to analyze how interventions tackle the non-material dimensions of poverty, contribute to strengthening a household's asset portfolio, enhancing their livelihood options and enhancing their wellbeing (Ludi & Slater, 2007). The approaches of SL have the objective of constructing a framework that allows for the identification of main capitals and the interactions among them. These approaches usually have a theoretical and methodological proposal for deployment, relying largely on participatory methods (Farrington *et al.*, 1999). Since the beginning of the concept of sustainable livelihoods, it has been largely taken by several social organizations as development strategies to support the eradication of poverty (Krantz, 2001).

Within the socio-political perspective, it looks at differences in access to power and social groups, the value attributed to livelihood assets and outcomes and nature of social organization in existence. The role and performance of institutions is also considered important, and especially the governance structures, policy making processes and the extent to which they influence decisions at the household level. The economic environment within which people operate is also considered with a major focus on assets, consumption and pricing. The primary objective is to explain what poverty is, who attempts to get out of it and how, who succeeds and who fails, and why (Walter *et al.*, 2004)

Moreover, NADEL & SDC (2007) stresses that SLA can enable agencies to develop flexible and locally appropriate responses to risk, vulnerability and poverty and can provide the evidence and analysis necessary for the prioritized and strategic selection of interventions at multiple levels. Entry points for poverty relevant development measures can be related to (i) promoting and implementing poverty oriented policies, (ii) initiating and supporting pro-poor institutional change, (iii) enhancing the capabilities of poor people, (iv) facilitating access to existing opportunities, and (v) reducing exposure to risks and reducing poor people's vulnerabilities.

Therefore, this study follows Sustainable Livelihoods Framework in researching and analyzing the nature of poverty, and to examine the implications of Pro-Poor Policy Intervention and the Performance of Concerned Actors on Poverty Reduction Activities in Dire Dawa. Pro-poor activities which encompass, among others, policy objectives and goals, the major targeted areas and sectors for the achievement of the objectives and goals, the roles and responsibilities of administrative institutions to realize these objectives and goals, the institutional set-up and governance arrangements that determine the effectiveness and efficiency of these activities.

## **RESULTS AND DISCUSSION**

### **Overview of Features of Selected Poor Households in Dire Dawa City**

#### ***Demographic features of selected sample poor households***

Table 1 presents demographic features of the selected sample poor households in the city of Dire Dawa. The table shows that about 57% of household heads of the poor are female. This reveals the fact that female headed households are more prone to poverty than male headed households. The table also indicates that mean family size of the poor households is 5 members; and the mean number of youths within the poor households is 2. The maximum family size and number of youth of the poor households reach 10 and 7, respectively. As indicated in the table, the mean dependency ratio of these selected households was found to be 0.44 which is large implying that 100 individuals, in addition to themselves, should feed other 44 individuals.

Table 1: Demographic Features of Selected Sample of Poor Households

Sex of household head		Family size			Number of youth with age < 15 in the households			Dependency ratio		
Male	Female	Minimum	Maximum	Mean	Minimum	Maximum	Mean	Minimum	Maximum	Mean
24	46	1	10	5	0	7	2	0	1	0.44
42.5%	57.5%									

Source: Own computation, 2014

### **Source of Income and Percapita Consumption of the Selected Poor Households**

35% of household heads of the selected poor households are unemployed as indicated in table 2. Of the 65% employed individuals, majority (28.75%) are engaged in self employment which is subject to disguised unemployment. 18.75% are employed in private businesses. Only 12.5% and 2.5% are employed in government and Non-governmental Organizations, respectively; which are expected to have secured jobs.

Table 2: Occupation, Source of Income and Percapita Consumption of the Selected Poor Households

Occupation			Number of sources of income			Monthly percapita consumption of the households (Birr)		
			Sources	Number	percentage	Minimum	Maximum	Mean
Unemployed	28	35%	0	2	2.5%	87	610	380
Government employee	10	12.5%	1	47	58.75%			
Private employee	15	18.75%	2	29	36.25%			
NGO employee	2	2.5%	3	2	2.5%			
Self employed	23	28.75%						
Other	2	2.5%						
Total	80	100%						

Source: Own computation, 2014

Increasing number of source of income is expected to be one of the means to reduce households' poverty. Table 2 shows that majority of the households (58.75%) have only 1 source of income; 36.25% have 2 sources of income; only 2.5% have 3 sources of income, and even 2.5% do not have any source of income at all which are relying on gifts from others to sustain their life.

As indicated in table 2, the mean monthly percapita consumption of these selected households is 380 birr, which is far away from the poverty line of our context (i.e. 619) by 239 birr. This gap is 39% percent of the poverty line. Estimated number of poor households in the urban area of Dire Dawa reaches 15208 in 2008 (Zerihun, 2013). According to Central Statistical Agency’s 2007 census, the total number of urban households was 53602. This implies if the number of households is remaining the same in 2008, 28% of the households are poor.

As indicated above, the mean family size of the poor households is 5, hence, about 76040 individuals are expected to live in poverty in the urban area of Dire Dawa during 2008. If we multiply the poverty gap amount of money (i.e. 239 birr) with the number of poor people (i.e. 76040), about 18, 173, 560 birr is required monthly to make the urban poor get out of poverty.

### ***Background of the Selected Poor Households***

Table 3 shows that place of origion of majority of the poor households, 81.25%, is out of Dire Dawa. Based on own judgement of the selected poor households, previous economic background of 31.25% and 25% of these households is very lower and lower, respectively. In other words, more than 56% of these households used to have poor economic background in the past. As indicated in the table, more than 43% (28.75% + 15%) of these households had prosperous economic back ground in the past. This implies that there is significant number of households which are facing down fall of their living condition along time even if the country is said to register higher rate of economic growth overtime.

Table 3: Background of the Selected Poor Households

Place of Origion			Previous Economic Background of the households		
Dire Dawa	15	18.75%	Very lower	25	31.25%
Out of Dire Dawa	65	81.25%	Lower	20	25%
<b>Total</b>	<b>80</b>	<b>100%</b>	Higher	23	28.75%
			Very Higher	12	15%
			<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Own computation, 2014

### ***Social Interaction and Participation of the Selected Poor Households***

Interaction and participation of the people in various socio-economic and political affairs is expected to be one of the major factors to access economic resources as well as information. Hence, it is important to see the extent to which the selected poor households are interacting and participating in such affairs. As indicated in table 4, more than 53% of these households are member of Idir or Jema'a having interaction with the surrounding people. There are still more than 46% of these households who do not have any social interaction even with the surrounding society. Some of the reasons for these individuals not to participate in such local institutions are lack of interest of the households, no plan to live in the surrounding place for long period of time, absence of permanent residence, and lack of sufficient income to register into the institutions.

Being membership of Idir or Jema'a may not reflect the interaction of the poor with the society at large since these institutions may be established by the poor themselves. Hence, the selected sample households were made to mention their judgement about their interaction with economically better people in the surrounding area. Table 4 indicates that more than 63% (32.5% + 31.25%) have poor interaction with better off people, which may lead them to lack access to resources and opportunities. Only about 36% of these households were found to have better interaction with better off people in the surrounding area. The major reasons for the majority not to interact with better off people include: lack of interest of the poor households; economically better off people are explained to stigmatize the poor; lack of time as the poor spend more time to earn only small amount of income; and no chance of having such interaction.

Table 4: Social Interaction and Participation of the Selected Poor Households

Membership of Idir or Jema'a			Interaction with economically better off people			Number of kin relative households in the surrounding area		
Member	43	53.75%	Very lower	26	32.5	0	36	45%
Not Member	37	46.25%	Lower	25	31.25%	1	29	36.25%
<b>Total</b>	<b>80</b>	<b>100%</b>	Higher	29	36.25%	2	15	18.75%
			<b>Total</b>	<b>80</b>	<b>100%</b>	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Own computation, 2014

The other important issue related to social interaction is whether the poor households have kin relatives with better off economic status. As indicated in table 4, about 45% of the selected households do not have such relatives at all. 36.25% and 18.75% of these households stated that they have 1 and 2 kin relative households with better economic status. Generally, it can be concluded that, for most of the situations, the poor households have little interaction and participation in the social affairs.

### ***Access to Resources and Threats of the Selected Poor Households***

Table 5 presents the type of settlement of the poor households, the extent of their access to credit and extent of threat of biasness from political elites. The table shows that more than 68% of these households have legal settlement, but there are still more than 31% of households with illegal settlement. Theories and empirical assessments show that illegal settlement is one of the major reasons which is leading the poor to lack access to various public services and resources. Hence, more than 31% of these households are expected to lack these services. The major reasons for having illegal settlements are migration from other places, lack of sufficient income to get legal houses, and construction with out permission of the kebele administrations.

The table shows that, even if there are microfinance and other related credit and saving associations, more than 73% of the selected poor households stated that they don't have access to credit. This is expected to be among the major challenges facing the administration to change the livelihood of the poor. As of the statements of these households, the major reasons for their lack of access to credit include: lack of interest, fear of risks and higher rate of interest, absence of collateral, and lack of idea to work with the capital.

Table 5: Settlement, Access to Credit and Extent of Biasness from Political Elites

Type of Settlement the Household			Access to Credit			Biasness from Kebele or Related Administrators		
Legal	55	68.75%	Have Access	21	26.25 %	Faced bias	13	16.25 %
Illegal	25	31.25%	Have not access	59	73.75 %	Did not face bias	67	83.75 %
<b>Total</b>	<b>80</b>	<b>100%</b>	<b>Total</b>	<b>80</b>	<b>100%</b>	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Own computation, 2014

Even when resources are available to the people based on pro-poor supportive activities, there may be biases from political elites in favor of better off people due to corruption and related practices (TI, 2008). In cognizant of this, the selected poor households were made to state whether they face bias from political elites. Table 5 shows that about 16% of the households stated that they usually encounter such a problem. These households state that they could not get land due to corruption, there is no justice to solve problems, political elites give priority to provide resources for those members of their political party, the bureaucratic system discourages them to access resources, and there is sometimes lack of cooperation while providing services. However, majority of the households (83.75%) indicated that they don't face such a problem. Hence, we expect that there is minimal bias of resource sharing in the side of political elites.

Loss of assets and parents are the major factors leading previously better off people to be impoverished. Keeping this in mind, the households were asked to state whether they have lost their assets/parents or not. As indicated in table 6, half of the selected households have lost assets which led them exacerbation of their impoverishment. Some of these households state that the major reasons for losing their assets are the damaging flood in the city, drought for migrants from rural areas, poor justice system, because of war, and unfair market competition. As of our expectation, table 6 shows that majority of the selected households (57.5%) have lost their parents (previous household heads).

Table 6: Loss of Asset and Parents

Loss of Assets			Loss of Parents		
Lost	40	50%	Lost	46	57.5%
Did not lose	40	50%	Did not lose	34	42.5%
<b>Total</b>	<b>80</b>	<b>100%</b>	<b>Total</b>	<b>80</b>	<b>100%</b>

Source: Own computation, 2014

## Socio-Economic Factors and Determinants of Poverty

### *Rank of the Major Socio-Economic Factors of Poverty*

As this inquiry focuses on socio-political aspects of poverty, the major socio-political factors which are expected to impoverish or exacerbate impoverishment of the people were mentioned to the selected poor households to rate each factor in terms of its severity using their own judgement thereby we were able to rank the factors with the extent of their severity. The selected households have rated these factors using Linkert scale<sup>2</sup> (with qualitative rating of four options including “Strongly Disagree”, “Disagree”, “Agree” and “Strongly Agree”). Rank of the major expected factors based on the judgement of the households is indicated in table 7.

Table 7: Major Socio-economic Factors of Poverty

Factors	Scale	Rank
Poor economic background	2.733	1
Lack of skills	2.64	3
Lack of good health	1.7733	10
Absence of social interaction with better of people	1.906	7
Lack of access to resources	2.706	2
Unwise use of resources	1.84	8
Absence of kin relatives	2.146	4
Migration	1.8	9
Loss of asset	2.08	6
Illegal settlement	1.226	12
Loss of parents	2.146	4
Discrimination	1.733	11
Climate/weather condition	1	13

Source, Own computation, 2014

As indicated in table 7, according to the aggregate rating of the households, poor economic background of the households, lack of access to to resources and information, lack of skills of work, absence of better off kin relatives in the surrounding area, loss of parents and loss of assets were identified to have scale of greater than 2 implying that they are confirmed to be the major factors which are expected to impoverish the households. Of these factors, poor economic background

---

<sup>2</sup> The Linkert scale rating was carried out in such a way that the four options were given scale of 1, 2, 3 and 4 for “Strongly Disagree”, “Disagree”, “Agree” and “Strongly Agree”, respectively.

of the households is ranked first followed by lack of access to resources and information and lack of skills of work with rank of second and third, respectively. Loss of parents, absence of better off kin relatives and loss of assets were ranked from fourth to sixth, respectively.

The other factors got aggregate scale of less than 2; which are ranked from seventh to thirteenth as absence of social interaction with better off people, unwise use of resources, migration, lack of good health, discrimination in resource sharing, illegal settlement of the households, and unfavorability of the weather condition.

### ***Econometric Analysis of Socio-Economic Determinants of Poverty***

In addition to the above qualitative investigation of identifying the major socio-political factors of poverty, in this inquiry, we have also applied binary choice econometric regression model (specifically probit regression model). In order to carry out this, 80 non-poor households were selected for the sake of comparison to figure out important variables. In this model, dummy variable of economic status (poor and non-poor) was taken as a dependent variable (where poor = 1 and non-poor = 0). The major socio-political factors which are expected to influence the living condition of the people were taken as regressors of the model. Most of these variables are those which were considered in the preceding session.

Result of the probit regression is presented using table 8. Table 8 shows that the total number of observations used for this analysis is 160 (80 poor and 80 non-poor households). As indicated in the table, the wald chi2 is 84.05 where the  $\text{prob} > \text{chi}^2 = 0.0000$  indicating that the variables in the model are jointly significant to influence the dependent variable. The Pseudo R2 = 0.6784 implying the model fits well to the extent that more than 67 percent of the variation in the outcome variable is explained by the variables in our model.

In this model, we have considered 15 regressors till the model fits well with the data we have. Of these variables, 11 were identified to be significant to affect the dependent variable. The significant variables include sex of the household head, age of the household head, level of education, family size, very poor previous economic background of the households, number of

better off kin relatives that the household has in the surrounding place, very poor and poor interaction with better off people, access to credit, number of source of income, loss of assets.

Table 8: Socioeconomic Determinants of Poverty (Result of the Probit Regression)

Variables	Coefficient	Marginal Effect	Robust Standard Error	Z-statistic	P-value
Sex/Female of household head	1.062878	0.4043718	0.3244961	3.28	0.001
Age of household head	-0.0238116	-0.0094739	0.0129813	-1.83	0.067
Education level of household head	-0.4645207	-0.1848186	0.0960568	-4.84	0.000
Family size	0.2025156	0.0805748	0.1189764	1.70	0.089
Background/very poor	0.644721	0.2517931	0.3366	1.92	0.056
Background/poor	-0.0495898	-0.019714	0.4166705	-0.12	0.905
Number of kin relatives	-0.3322985	-0.1322114	0.137442	-2.42	0.016
Membership of Idir	-0.1791035	-0.0712937	0.3579832	-0.50	0.617
Interaction with better of people/very poor	1.558464	0.5244621	0.4511811	3.45	0.001
Interaction with better of people/poor	1.346397	0.4806573	0.5502562	2.45	0.014
Access to credit	-0.8678124	-0.3340557	0.325548	-2.67	0.008
Number of children < 10	0.020717	0.0082427	0.1781371	0.12	0.907
Number of income source	-0.5968283	-0.2374597	0.2746798	-2.17	0.030
Place of origin	0.5584194	0.2155657	0.4145791	1.35	0.178
Discrimination	0.5015556	0.1964508	0.4402481	1.14	0.255
Loss of parents	0.3255625	0.1289835	0.3664177	0.89	0.374
Loss of assets	0.8511259	0.329117	0.377115	2.26	0.024
Constant	1.549382	-----	0.8424217	1.84	0.066
Number of obs = 160 Wald chi2(15) = 84.05 Prob > chi2 = 0.0000 Pseudo R2 = 0.6784					

Source: Own computation, 2014

The regression result indicates that the probability of being poor increases by 40% if the household head is female, at 1% level of significance. In other words, this implies, female headed households are more exposed to poverty than that of male headed households. On the other hand, as age of the household head increases by a year, the probability of being poor reduces by about 1%, at 10% level of significance.

The result shows that as education level of the household head increases by a year (grade), the probability of being poor reduces by 18%, at 1% level of significance. This result coincides with what we have in the preceding session that lack of skill of work is among the factors of poverty.

The probability of being poor increases by 8% as family size of the household increases by 1 person, at 10% level of significance; whereas having very poor economic background will increase the probability of being poor by 25% currently, at 10% level of significance. This variable was also stated to be among the major factors of poverty in the preceding descriptive analysis.

The result indicates that as the number of better off kin relatives of households in the surrounding area is higher by a one, the probability of being poor reduces by 13%, at 5% level of significance. This variable was also considered to be a factor of poverty in the qualitative analysis.

The result of the regression also shows that interaction with better off people can influence the probability of being poor. As indicated in the table, very poor interaction with better off people increases the probability of being poor by 52%, at 1% level of significance. Similarly, poor interaction also increases the probability of being poor by 48%, at 5% level of significance. As of the comparative analysis of the probit regression, this variable was found to be significant even if it has got scale of less than 2 in the preceding descriptive analysis.

Access to credit is the other significant variable to influence the probability of impoverishment. As indicated in the table, the probability of being poor reduces by 33% as the people get access to credit, at 1% level of significance. This result also coincides with our preceding descriptive analysis that lack of access to resources and information has significant effect over impoverishment of the people.

The result shows that as the number of source of income for the people increases by one, the probability of being poor reduces by 23%, at 5% level of significance; whereas loss of asset increases the probability of being poor by 32%, at 5% level of significance. This result also coincides with our preceding descriptive analysis.

## **The Performance of Concerned Actors and Pro-Poor Policy Intervention: Implications on Poverty Reduction Activities**

### ***Overview of pro-poor activities in Dire Dawa***

Pro-poor activities encompass, among others, policy objectives and goals, the major targeted areas and sectors for the achievement of the objectives and goals, the roles and responsibilities of administrative institutions to realize these objectives and goals, the institutional set-up and governance arrangements that determine the effectiveness and efficiency of these activities. Accordingly, in this study, these points of the pro-poor activity framework were critically investigated and mentioned in detail as follows.

### **Policy objectives and goals**

Based on the qualitative data gathered from Dire Dawa city administration concerned sector bureau and office employee respondents, we can identify the following main policy objectives and goals so as to carry out the pro-poor activities in the city.

- i. To reduce the poverty level of the administration below 22 % at the end of Growth and Transformation Plan through an integrated approach which involves identifying unemployed individuals and skill gaps, provision of training and startup capital, market integration, and insuring continuous support.
- ii. To create jobs and employment opportunities for the job less segment of the society thereby increasing their income. For the successful accomplishment of this objective, high emphasis is given to micro economy development and increasing the tax income of the administration. In addition, encouraging the private sector and enhancing investment in manufacturing industries is believed to be one means of increasing employment opportunities and increasing income the individuals.

- iii. To capacitate the unemployed people giving focus to those under poverty line especially women, youth and disabled person through providing different trainings, organizing the job less in small scale enterprises and facilitate access of credit services and startup capital that help them involve in different income generating activities.
- iv. To ensure food security, access to drinking water, road, housing and etc. for the poor through infrastructure development and provision of loans for food security program and small scale business enterprises.

These objectives address some of the major significant factors of poverty which were identified and stated in our quantitative analysis. Specifically, these objectives intend to address the problems related gender, the youth, education, access to resources, source of income. However, the objectives seem to ignore some important significant factors which may retard the performance of the pro-poor activities unless they are also given due emphasis. These factors include kin-ship, social interaction, loss of assets, and family size. In other words, it is crucial to think about development of each other's belongingness and better social interaction, especially between the economically better off people and the marginalized poor individuals. Moreover, rehabilitation programs for loss of assets and family planning should also be given due attentions.

### **Major targeted areas and sectors**

The qualitative data shows that the major targeted groups of the pro-poor policy intervention in the context of Dire Dawa includes; women specially those who are under poverty line, unemployed youth and youths that are organized in small scale enterprises, children, and those who need special attentions like disabled individuals. In relation to that, micro and small enterprises, Saving and credit service, Small scale trades and middle level enterprises, infrastructure development programs, Educational and health sector, Manufacturing, construction, trade and urban agriculture, and women empowerment are the targeted sectors of the pro-poor policy intervention in the context of Dire Dawa.

Here again, in the targeted groups, the marginalized poor segment of the society and those who face loss of asset are not explicitly considered. With regard to the sectors, findings of this study

show that those sectors which intend to enhance social development, rehabilitation program and family planning are not explicitly indicated in the targeted areas/sectors.

### **The roles and responsibilities of city administrative institutions**

The role played by local institutions in poverty reduction is believed to have significant contribution because of the fact that these institutions are the closest to local problems. Hence, it is essential to define the roles and responsibilities of administrative institutions and other stake holders and their interaction while dealing with the poverty reduction practices in line with the policy objective and goals. In this respect, *the majority of respondents assert that laws & regulations that state the roles and responsibilities of stake holders and their interaction while dealing with the poverty reduction practices in the context of Dire Dawa city has already been formulated and serving as a guiding reference.*

The roles and responsibilities of local authorities in poverty reduction efforts in comparison to the higher level authorities include;

- identifying the poverty type and its nature, prepare a plan to curve poverty in line with the national strategy and in administrations context;
- Monitor and evaluate the progress and to take appropriate measure.
- Giving loan and credit services
- Facilitating and organizing micro-small scale groups
- Providing land for production and sale purpose
- Organize and lead the local based micro enterprises and women unions and providing conducive environmental enabling them attain higher level of wealth status.
- Empower the poor through providing the selective training depending on mini-researches that identified the job opportunities and facilitate startup capital through financial institutions as well as to monitor and evaluate cooperatives and individuals.

These roles and responsibilities of the local institutions are expected to enhance the effective and efficiency of the poverty reduction activities provided that they are appropriately and genuinely

practiced and implemented. But, here the question is to what extent are these roles and responsibilities are being effectively and efficiently practiced. This is explained in detail in the succeeding sessions (under B and C).

### **Institutional set-up and governance arrangements**

With regards to the associated institutional set-up and governance arrangements in dealing with urban poverty reduction and employment creation, *the city administration has established bureaus and sectors that deal with poverty reduction*. The main government actors and city administrative institutions that intervene in the pro-poor policy comprises;

- A. The policy study bureau: the policy study bureau of the administration responsibility is to oversee the overall activity. It deals with identifying the problems related with poverty, provide technical support, TVET, and provide training, micro finance provision. It has the forum to integrate the overall task of planning, implementing, and evaluating the programs in dealing with poverty. It has a structural pattern to organize women and youth in income generating activities like urban agriculture.
- B. Micro and small scale enterprise development agency (MSEDA): MSEDA is organized under trade industry and investment bureau provides work premises, advice and consultation, collateral for loan, market linkage, and etc. There are also kebele (one stop) level services under MSEDA.
- C. TEVT: mainly focuses on industry extension like kaizen training both (technical and entrepreneurial), technology and MFI for finance.
- D. Early warning and food security offices
- E. Credit and saving enterprise
- F. Agriculture, mining and energy bureau
- G. Dire microfinance institution
- H. Bureau of women, children and youth affairs are the major sectors

In spite of that, according to government officials' responses, the administration's yearly activities work plan is designed in a way each of the 12 bureau under the city administration to play their own contribution towards poverty reduction taking poverty reduction goal as a special

consideration. Moreover, all the regional bureaus in their own sector plan to reduce the existing poverty level. Every year the administration report shows the unemployment rate that exists in the administration. In this study, we appreciate the existence of such institutional set-ups as well as their integration and collaboration to deal with poverty reduction activities.

### ***Power relations, decision making and implementation in policy processes***

One of the core considerations of this research study is to analyze the nature of power relations, decision making and implementation in the process of making and implementing poverty reduction policies and strategies. These are explained as follows.

#### **Power Relations**

Four issue areas were raised and studied to understand the nature of power relations in the poverty reduction policy making processes. These include: -

- *the balance between public and private ownership in poverty reduction activities and the extent of participation of different interest groups outside government organizations such as the private sector, NGOs, consumer groups, and the media;*
- *the dynamics of partnership among the government, donor community and private sector in poverty reduction efforts;*
- *the discretions of private sectors and NGOs in dealing with poverty; and*
- *the existence of any established mechanisms for improved communication between government agencies, civil society and the private sector.*

With regards to the balance between public and private ownership and participation in dealing with poverty, officials of government institutions agree that although the key actor is government which takes the lion share in policy making, the private sector, and NGOs also play significant roles. However, responses from private sector and NGOs assert that their role in policy making is more of nominal and the balance is biased towards public/government and the involvement of private owners and partners is not satisfactory. They remark that most of the development policy is designed in top-down manner that all other stake holders are given a limited space to contribute.

*Whatever the case, all parties believe that the public mostly emphasizes on issues that deals with rules, regulations, policies and supervisory activities while the private sector and NGOs take a great share in the financing, implementation, and creating investment opportunity through establishments of industry and service sector which create job opportunity.*

Regarding the dynamics of partnership among the government, donor community and private sector, respondents from officials of government admits that there is partnership between the administration and these actors, and the administration is using this partnership to permit and support efforts of the private sector and NGOs. *Their partnership can best be expressed in that the planning, organizing, monitoring works are done together, evaluation is also commonly performed and there are review meetings.*

Government officials state that the private sectors and NGOs have their own discretions in dealing with poverty which can be expressed in a way that they have their own source of finance and intervention area to invest. Private sectors are involved in employment creation in their way of profit maximization whereas NGOs provide fund donation, and technical assistance in their way of maximizing satisfaction rather than profit making. However, officials from Non-governmental institutions claim that there is limited partnership where they are not satisfied regarding their discretion.

Regarding the existence of any established mechanisms for improved communication between government agencies, civil society and the private sector as a means to promote accountability and encourage greater government responsiveness, the data shows that there are different established mechanisms. *For instance, there is a regional initiative called GO-NGO forum established with an objective of facilitating shared learning among development partners. In addition, different civil societies such as federations (youth and women), and women development armies are established to contact government with the society including the poor to have a solution for their initial problems or challenges.*

### **Decision-Making**

There are different perspectives with regard to how decisions are made dealing with poverty reduction and the actors who are parties to these decision-making processes. From these

perspectives, it can be inferred that there are two ways of making decisions (i.e Top-down approach and Bottom up approach). Parties to decision making includes government bodies, NGOs, private sectors and civil societies, the poor beneficiaries, and the community at large.

*In this study we have identified that, mostly, decisions are made at higher level. Top level management is in charge of making decisions related with poverty reduction while the role of the lower level management and stakeholders is limited to execution. However, the problems identified by the poor are the resources at hand on how to provide resources, and suggestion gathered from different stakes is the basement prior to decision making.*

Regarding the extent of the poor's participation in such decision making processes, it can be inferred that there are two ways in which that they get the chance to participate. On the one hand, they directly participate in being the main source of information in problem identification, through giving feedback in evaluating the progress in the evaluation phase of projects, through direct discussion and consultation with and from concerned body. On the other hand, indirectly through their representatives i.e. women and youth, handicaps, social and labor affairs, and through a member of the council which is established by the members elected by the community including the poor.

***However, some of informants maintained that although concerned bodies consult the poor from the very beginning for certain programs that are going to be implemented, still the role of the poor has not been maximized in decision making. Moreover, the participation of the poor is nominal and most of the time the poor are consulted for reporting purpose only.***

In understanding the root causes of poverty, it is very important to study the socio-cultural capabilities of the poor and their ability to participate as valued members of the community which includes social status, dignity and other cultural conditions. This is because most of the time, it is expected that the poor are marginalized from the society at large especially from better off societies, and social isolation by itself is the main meaning of poverty for people in many local areas. As the result, they may lose those opportunities from which they get resources to improve their livelihood.

In cognizant of this, officials from both government and non-government bodies were asked whether there is any mechanism or thought that intends to connect the poor/the poorest segment of the people with the better off society and to explain it. *They assume that there are mechanisms intended to enhance the social capabilities of the poor but the explanations given by majority of them are not related with enhancement of social capabilities of the poor. Here, we were expecting mechanisms such as establishment of different forum that can connect the poor and the better off people so as to solve the problem of poverty and other common problems.* However, their explanation is related to those common activities such as provision of different services including school and creation of job opportunities by the better off people, which may not be a means to create or improve social belongingness and capabilities of the poor.

### **Implementation issues and service delivery**

The efficiency and effectiveness of implementing and delivering services is another area that establishes and determines the success and failure of poverty reduction efforts. In this regard, it is believed that conducting prior research study on poverty and formulating and implementing policies based on the research findings highly support poverty reduction efforts. In consideration of this the government officials were asked whether the formulation and implementation of poverty reduction policies are backed by research findings.

*Albeit all of government official respondents maintained that the city administration has made study about the nature of poverty in the city, majority of them maintain that they are not sure and/or have no idea that to what extent pro-poor policies are formulated and implemented based on research findings.* Irrespective of that some of the respondents claim that researches are made through establishing technical team to perform studies on poverty reduction, the team produced very detail study at a program level, in order to extract different pro-poor projects.

Another area that affects the effective implementations of policies from political economy perspective is if there is a tendency of discriminating beneficiaries on the basis of their social and cultural values during service delivery. *Almost all of respondents both from government and non-government bodies believe that the beneficiaries are all of the dwellers of the city without discrimination, unless they are restricted by law, and without giving special attention to specific group.* Any Ethiopian or foreigner can get the services from the concerned office of the

administration. Moreover, most of the projects are designed in a manner of bridging social welfare so that there is no group excluded from being addressed. *However, some of them admitted that although all the citizens are equally treated in service delivery as long as economical issue is concerned, there is some inclination 'to some ethnic group in the political intervention as far as federalism is concerned.*

### **Major challenges of the pro-poor activities**

Apart from the aforementioned issues, it is expected that there are a number of challenges that might be encountered while dealing with the pro-poor activities. The government and NGO officials identify the following major challenging factors of the pro-poor activities in the city of Dire Dawa.

**Corruption and Rent Seeking Practices:** There is still the practice of corruption and rent-seeking practices. In the government organization side, there is corruption in some service delivery areas such as government tax, urban land development and distribution of residential houses, procurement, and allocation of jobs. In the NGOs side, provisions of charities do not fully reach to the poor; and resources are provided in the form of kinship.

**Change Resistance:** The existence of the operation of longstanding patronage networks involving public and private sector actors who are opposed to change is serving as obstacles to achievement of poverty reduction goals. Such groups include the corrupt wing of the service giver, those who do not fit and eligible to the working positions, those who have little knowledge about the reform, those who perceive that the reform might end him/her in losing his/her position and financial generation, as well as rent seekers that resist reforms since transparency exposes the working of their patrons and patronage systems.

**Political and Institutional Impediments:** Political and institutional impediments and bottlenecks serving as barriers to the delivery and achievement of pro-poor policy objectives includes

- lack of integration as needed
- the existence of selfish government and private workers

- Bureaucracy and Political membership
- Lack of cooperation especially in land development and large procurement areas in getting land for shelters and market buildings that can help the poor.

**Lack of Capacity:** There are failures and limitations to implement poverty reduction objectives due to lack of capacity or other political-economy reasons. The administration with the partner sources could not reach to all problems because of lack of capacity including financial scarcity, weak leadership and managing capacity. Moreover, the supervisory works are not automated and the demand and supply of support is not proportional due to that most of the services could not be provided as needed.

**Inefficiency and Ineffective Utilization of Resources:** There is inefficient and ineffective utilization of resource and difficulties to identify and give solution for the root cause of the problems that needs to be addressed.

## **CONCLUDING REMARKS**

In this paper, in view of socio-political economy approach to poverty reduction, the nature of poverty in the context of Dire Dawa administration was comprehensively studied to pinpoint the multi-dimensional nature of poverty that needs to be remarked in the achievement of poverty reduction goals. The discussions and analysis of the research covered a wide range of issues to understand the features of Poor Households, socio-political factors and determinants of poverty, and the performance of concerned actors and Pro-poor policy intervention and its implications on poverty reduction activities in the administration.

The research finding based on the quantitative analysis of data gathered from questionnaires administered to both poor and non-poor respondents clearly shows that the nature of poverty in the city has a multidimensional nature that needs to be understood in a socio-political economy context. This analysis attempted to figure out the root causes that had led and has been leading a large segment of people to impoverishment. Such causes or factors include gender inequality,

demographic factors, lack of education or important skills, poor background of the households, poor social interaction, poor kinship, lack of access to resources, and other natural threats. Hence, those pro-poor policy objectives and targeted areas should incorporate these factors among others.

In the qualitative analysis, it was identified that, in Dire Dawa City Administration, there is well framed institutional set-up as well as roles and responsibilities of stake holders to exercise the pro-poor activities, which is appreciated and to be kept with progress. However, the power relation, participation and decision making among the public and other stake holders do not seem to be balanced. This may affect achievement of the desired objectives of the pro-poor activities. Hence, this has to be improved. Specially, the poor for whom the activities are carried out should be given much consideration for both participations and decision makings. Besides, so as to support the formulation and implementation of the pro-poor policies, appropriate empirical researches have to be conducted in order to check the effectiveness of those policies at work and areas of their improvement.

Finally, from this study, we can understand that, in most cases, there are no as such ethnical or cultural discriminations from both the public and private/NGOs side while providing resources for beneficiaries. However, there are different challenges that need due attention which otherwise may divert the efficiency and effectiveness of these activities. These include corruption and rent seeking practices, resistance of changes, political and institutional impediments, lack of capacity, and inefficient and ineffective utilization of resources.

## REFERENCES

- Addae-Korankye, Alex (2014); “Causes of Poverty in Africa: A Review of Literature”; American International Journal of Social Science; Vol. 3, No. 7; December
- Andersson Magnus, Engvall Aders and Kokko Ari (2006): “*Determinants of Poverty in LAO PDR*”; Stockholm School of Asian Studies; Working Paper 223
- Anthony Payne (eds) (2006); “*Key Debates in New Political Economy*”, Routledge
- Brannen, J. (2005), “*Mixed Methods Research: A Discussion Paper*”, ESRC National Centre for Research Methods Review Paper, December.
- DDAEP (Dire Dawa Environmental Protection Authority) (2011); “*Dire Dawa Administration Program of Adaptation to Climate Change*”, January
- De Haan, Arjan and Yaqub, Shahin (2008): “*Migration and Poverty: Linkages, Knowledge Gaps and Policy Implications*”; Revised Paper UNRISD/IOM/IFS workshop; Social Policy and Migration in Developing Countries; 22 – 23 November 2007, Stockholm
- FDRE (Federal Democratic Republic of Ethiopia) (2012), “*Ethiopia’s Progress Towards Eradicating Poverty*”; An Interim Report on Poverty Analysis Study (2020/11), Addis Ababa
- Foresti M. and Eva Ludi with Roo Griffiths (2007); “*Human Rights and Livelihood Approaches for Poverty Reduction*”; Poverty-wellbeing.net Briefing Notes, Swiss Agency for development and cooperation
- Geoff H.; Kate H.; Bhavna S.; Kate B. and Diana C. (2009); “*Poverty and Poverty Reduction in Sub-Saharan Africa: An Overview of Key Issues*”; Working Paper, Overseas Development Institute (ODI)
- Harriss, John (2007); “*Bringing politics back into poverty analysis: Why understanding social relations matters more for policy on chronic poverty than measurement*”; CPRC Working Paper 77, School for International Studies, Simon Fraser University, Vancouver
- Hartog, Joop (n.d.): “*Ability and Age-Income Profiles*”; Institute for Economic Research, Erasmus University, Rotterdam; ([www.roiw.org/1976/61.pdf](http://www.roiw.org/1976/61.pdf)); Accessed on July 15, 2015

- Krantz, L. (2001); *“The Sustainable Livelihood Approach to Poverty Reduction. An Introduction”*; Executive Summary, pp. 6-21; Swedish International Development Cooperation Agency, Division for Policy and Socio- Economic Analysis
- Ludi, E. and Slater, R. (2007); *“Using the Sustainable Livelihoods Framework to Understand and Tackle Poverty”*; Briefing Note for the poverty-wellbeing platform ([www.poverty-wellbeing.net](http://www.poverty-wellbeing.net)). ODI, London
- Macours , Karen and Vakis, Renos (2006); *“The Impact of Social Interactions on Household Aspirations and Investments in Nicaragua”*; ([www.povertyactionlab.org/.../impact-social-interactions-household-aspir](http://www.povertyactionlab.org/.../impact-social-interactions-household-aspir)); Accessed on July 15, 2015
- Maia Green and David Hulme (2005); *“From Correlates and Characteristics to Causes: Thinking About Poverty from a Chronic Poverty Perspective”*; World Development Vol. 33, No. 6, pp. 867–879
- MOFED (Ministry of Finance and Economic Development) (2006); *“Ethiopia: Building on Progress- A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/06-2009/10”*, Volume I, September, Addis Ababa, Ethiopia.
- Moges, Abu G. (2008); *“The Political Economy of Poverty Reduction Policies in Ethiopia Optimum Solutions”*; Japan, JEL classification: I32, E65, O11
- Mosley, Paul and Verschoor, Arjan (2003); *“Risk Attitudes in the Vicious Circle of Poverty”*; University of Sheffield
- NADEL & SDC (2007); *“Working with a Sustainable Livelihood Approach”*; NADEL, Zurich and SDC, Bern
- Nicola Jones and Andy Sumner (2007); *“Does Mixed Methods Research Matter to Understanding Childhood Well-being?”* WeD Working Paper 40
- O’Connor, A. (2001); *“Poverty Knowledge: Social Science, Social Policy and the Poor in Twentieth Century US History”*; Princeton and Oxford: Princeton University Press
- Philippa Bevan and Alula Pankhurst (2008); *“A Sociological Perspective on the Causes of Economic Poverty and Inequality in Ethiopia”*; Paper presented at the Inter-Africa Group Symposium on Poverty, Addis Ababa
- Quach M. H., Mullineux A. W. and Murinde V. (2005); *“Access to Credit and Household Poverty Reduction in Rural Vietnam: A Cross-Sectional Study”*; The University of Birmingham, Edgbaston

- Sarah Bracking (2003); *“The Political Economy of Chronic Poverty”*; Institute for Development Policy and Management, University of Manchester, Working Paper No 23 ISBN No: 1-904049-22-2, February.
- Tewodros Tigabu and Girma Semu (2008); *“Ethiopia: Dire Dawa Urban Profile”*; a report submitted to United Nations Human Settlements Programme (UN-HABITAT), Nairobi; Publishing Services Section of UNON.
- TI (Transparency International) (2008); *“Poverty and Corruption”*; The Global Coalition against Corruption, Working Paper 02, 2008
- Tsai, Ming-Chang Tsai (2011): *“Economic and Non-economic Determinants of Poverty in Developing Countries: Competing Theories and Empirical Evidence”*; Canadian Journal of Development Studies; pp. 267 – 285
- UNCTAD (United Nations Conference on Trade and Development) (2002); *“Economic Development in Africa: From Adjustment to Poverty Reduction: What is New?”* Geneva, UNCTAD/GDS/AFRICA/2
- Vaughan, Sharon K. (2008); *“Poverty, justice, and western political thought, Lexington Books*
- Verbeek, Marnon (2004): *“A Guide to Modern Econometrics”*; Second edition; John Wiley and Sons Ltd, England.
- Vollmer, Frank (2010), *“Reviewing 'poverty' as an object of study: Seeking a conceptual match of well-being with the inter-subjective understanding of ill-being”*; *In-Spire Journal of Law, Politics and Societies, Vol. 5 No. 2, P. 65-87*
- Walter Odhiambo, John M. Omiti David I. Muthaka (ed.), (2004); *“Quantitative and qualitative methods for poverty analysis”*; Proceedings of the Workshop Held on 11 , Nairobi, Kenya, Kenya Institute for Public Policy Research and Analysis (KIPPRA), Nairobi, Kenya
- World Bank (2005); *“Ethiopia: Well-being and Poverty in Ethiopia- The Role of Agriculture and Agency”*; Report No. 29468-ET, Washington, D. C
- Yvonne Tsikata and Marjorie Mbilinyi (2001); *“Towards a research framework for poverty monitoring in Tanzania”*; Economic and Social Research Foundation, Tanzania
- Zerihun Ashebir, (2013); *“Dimensions and Determinants of Urban Poverty in Dire Dawa Administration”*; Lambert Academic Publishing, December, 2013