

CHAPTER SEVEN

Conclusion and Recommendations

This research has presented the impacts of rural-urban migration on income and poverty of rural households taking the case study done in Shebedino district, Southern Ethiopia. Specifically, the research presented the main economic migration models, their critics as well as the empirical works done on the models. The model reviews range from the early Ravenstein's laws of migration to the New Economics of Labor Migration (NELM) model. The research also presented the rural-urban linkages and characteristics of labor market in Ethiopia from the perspective of historical trends of migration, patterns of migration and labor productivity.

The impact of rural-urban migration on farm income has been discussed in two stages using the Cobb-Douglas production function approach. In the first stage, the determinants of labor and capital input including out-migration and remittances have been estimated and then in the second stage the effect on total farm income was estimated based on the results from the first stage. The empirical findings in the first stage of estimation confirmed that out-migration has significantly reduced the available labor in migrant sending households and remittances play a positive and significant role for boosting investment on capital stock. The second stage estimation has shown that rural-urban migration increased the total farm income of migrant sending households in general and for temporary migrant sending households in particular. The increment in farm income of temporary migrant sending households has been predicted as a result of positive of marginal product of labor and higher amount of remittances received that facilitates investment on capital stock. The estimations made between non-migrant sending and permanent migrant sending households have shown that the predicted labor has been insignificant in determining farm income of permanent migrant sending households and the increment of income has been predicted from the investment on capital stock, which is in turn as a result from savings from remittances and farm income. Other estimation has been made on the effect of out-migration and remittances on intensity of labor and capital inputs per unit of land and thereby on per capita farm income. The estimation

results indicated that rural households with higher predicted intensity of labor per unit of land have obtained lower per capita farm income than households with less labor intensity per unit of land. On the other hand, the predicted capital intensity per unit of land has been found to have a positive effect on per capita farm income. Therefore, migrant sending households have predicted lower intensity of labor per unit of land as well as higher intensity of capital stock per unit of land and thus having a higher per capita farm income than non-migrant sending households. In this regard, out-migration of labor and flow of remittances have played an important role in determining the intensity of labor and capital input per unit of land. Therefore, rural-urban migration rather makes the remaining rural labor productive (depending on the size of working family members in a household and the size of land owned) and boosts the capital stock of households that in turn enhances farm income.

The research has used the concept of the Harris-Todaro model and the New Economics of Labor Migration (NELM) model in combination and with certain modifications to determine the conditions needed for rational migration decision. The Harris-Todaro model has been modified by incorporating the assumptions of the NELM model at household level. The Harris-Todaro assumption considers individuals as decision makers where individuals make a rational migration decision when the expected urban income (i.e. the product of urban income and the probability to get an urban job) is greater than the actual rural income. Thus, the research has accounted for household decision making points where expected urban income is equated as a product of the proportion of remittances received by migrant sending family and the probability of getting an urban job as well as rural income equated with the contribution of migrants for household income (i.e. amount of lost farm income as a result of sending migrants). This is formulated by taking to account the NELM assumption that migration is a collective decision made by a household particularly taking to account the case of least developed economies. Based on the analysis done between migrant sending and non-migrant sending households, out-migration has been found beneficial for migrant sending households even with few chances of employment in urban destination region in the study area. The results have clearly shown that migrant sending households have made a

rational migration decision with respect to enhancing the total household income. In this regard, one should note that rural households who own larger size of farm land and resources but with limited family labor might have higher opportunity cost of mobility unless the amount of remittance is large enough to replace the possible income losses from farm.

The estimation of the effect of rural-urban migration on poverty was presented with respect to headcount index, poverty gap and squared poverty gap index to measure not only the percentage of the poor that fall under the poverty line but also to estimate the depth and severity of poverty within the poor groups. Moreover, the amount of resources needed to lift the poor households out of absolute poverty has been part of the discussion. The results indicated that remittances play a vital role not only in reducing the incidence of poverty but particularly in reducing the depth and severity of poverty. With some remittances directly used to increase household income, the poorest groups of rural households are able to reduce the distance they are away from the poverty line and come out of chronic poverty. However, the results indicated that remittances should be in a substantial amount in order to lift households out of poverty (i.e. to lift them above the poverty line). The estimation of poverty was done with both US\$ 1.25 and 2 (PPP) poverty lines.

In general, rural-urban migration plays an important role both in meeting the labor demands of industries and facilitating the process of rural transformation. Remittances sent to families of migrants residing in rural origin can contribute for rural development not only by facilitating investment but also by enhancing the living standard of households and reducing chronic poverty. Rural-urban migration can be taken as a strategy particularly for poorest groups of rural households where they can supplement their farm income and then diversify risks. In this research, the effect of rural-urban migration is analyzed from the perspective of migrant sending regions (i.e. from the perspective of rural origins) in Ethiopia. The effect of rural-urban migration from the perspective of migrant receivers (particularly commercial farms and labor intensive industries around urban regions) remained future area of research. The following policy

recommendations are drawn taking to account the current circumstances of rural-urban migration in Ethiopia in general and the case study in particular.

- The poverty reduction strategy paper of the country should incorporate the conditions where rural-urban migration can enhance rural development and reduce poverty. In the poverty reduction strategy paper of the country, rural-urban migration is considered as undesirable incidence. However, rural-urban migration can be a desirable phenomenon and should be part and parcel of the poverty reduction strategy paper. The strategy paper should be designed in the ways of maximizing the benefits of migration and minimizing the negative outcomes.
- Rural development policies should be designed in ways of enhancing the productivity of labor and improving the living standard of the rural population and contribute for the process of rural transformations. Moreover, rural development policies should pave opportunities to enable migrants to involve in farm and non-farm investments. Non-farm enterprises serve as a means of rural livelihood diversification and reduce the pressure on land. Furthermore, rural development policies should pay a special attention for the poorest groups of the rural population who migrate as a result of chronic poverty. The poor should participate from the planning to evaluation of rural development projects in this regard.
- Vocational training should be given for rural migrants to equip them with the necessary skills and make them competitive in the non-farm labor market. Similarly, favorable conditions should be created to enable migrants transfer their skill gained from commercial farms and industries to their rural origin.
- Rural-urban migration facilitates the linkages between agriculture and industrial development particularly in re-allocation of labor from less productive sectors to more productive sectors. Rural-urban migration is a means of structural transformation leading to economic growth. In this regard, the good performance of the urban economy and the expansion of labor intensive industries facilitate the

rural-urban linkages. Therefore, urban and rural development policies should be consistent and complementary to each other. In addition, migration policies should be entrenched in the macro-economic policy of the country.

- Land is an important asset for the rural population. Land fragmentation as a result of population growth is one of the challenges of rural households forcing households to migrate, particularly in densest populated districts of the country such as Shebedino district. The growth of labor force is too high as compared to the growth of available resources and employment opportunities. Thus, population and land use policies should be revised regularly based on existing situations.
- The government and private sector should create employment opportunities in the rural and urban economies to reduce the level of open and disguised unemployment as well as chronic poverty of rural regions. In this regard, the government should create conducive business environment and infrastructure for the private sector.
- Agriculture is the back of the economy of the country. Despite the fact that the sector is a means of living for more than 83% percent of the population, it is still practiced in traditional way. Small-scale farming is unable to feed the increasing population. In addition, the sector is affected by natural calamities and recurrent droughts and forcing rural households to migrate. Therefore, modern technologies, mechanized farming and irrigated agriculture should be introduced in considerable extent.
- Ethiopia is one of the most unurbanized countries in Sub-Saharan Africa and the process of urbanization is fueled by rural-urban migration. Urban development policies should be strengthened so that urban centers are capable of handling migrants coming from rural regions and minimize the undesirable effects migration. Research in Sub-Sahara Africa show that urban centers are not in the

right position to entertain migrants as result of poor infrastructure and low employment capacity. Urbanization and rural-urban linkages should be supported by the development of infrastructure such as road and transportation facilities.

- Rural-urban migration is able to reduce the absolute poverty of a poor household in two cases: by reducing the dependency of household members as well as via remittances sent to families. Moreover, in some cases students are dropping-out from school as a result of chronic poverty and migrating to urban regions in search for job and better living condition. Rural health care systems, education and access to credit should be strengthened and should be made pro-poor. In this regard, sustainable poverty reduction programs should be strengthened with collective partnership between governmental, non-governmental organizations and other stakeholders.
- Rural households get information regarding the opportunities in urban regions from friends or relatives informally. In such cases, information is often biased and exaggerated leading to excess migration to urban centers, increasing the unemployment level, exploitation of labor and human trafficking. Thus, access to information should be improved for potential rural migrants.