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Poverty Alleviation and Development

Highlights

Conditions of Youth Empowerment

Deregulation on Agricultural Financing

Discovering Thoughts, Inventing Future

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La Massification Dans L'enseignement Supérieur: Contours, Enjeux et Solutions Possibles

By Tamokwe Piaptie
Université de Douala

Resume- La massification dans l'enseignement supérieur du Cameroun et des autres pays membres du CAMES s'inscrit dans une mouvance mondiale. Au minimum trois axes – demande, offre et produits/services – contribuent à l'alimenter. Elle est susceptible d'ancrage dans diverses théories économiques et le taux de croissance de la proportion des étudiants supérieur au double de celui de la population totale en est un fait stylisé. Cette massification emporte à la fois des enjeux à connotation péjorative et des enjeux à connotation méliorative. Pour y faire face, les solutions explorées – présentées – et explorables – suggérées – ont globalement pour finalité de sauvegarder la pertinence et la qualité des prestations offertes.

Motsclés: *enseignement supérieur, massification, qualité de la formation.*

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La Massification Dans L'enseignement Supérieur: Contours, Enjeux et Solutions Possibles

Tamokwe Piaptie

Resume- **La massification dans l'enseignement supérieur du Cameroun et des autres pays membres du CAMES s'inscrit dans une mouvance mondiale. Au minimum trois axes – demande, offre et produits/services – contribuent à l'alimenter. Elle est susceptible d'ancrage dans diverses théories économiques et le taux de croissance de la proportion des étudiants supérieur au double de celui de la population totale en est un fait stylisé. Cette massification emporte à la fois des enjeux à connotation péjorative et des enjeux à connotation méliorative. Pour y faire face, les solutions explorées – présentées – et explorables – suggérées – ont globalement pour finalité de sauvegarder la pertinence et la qualité des prestations offertes.**

Motsclés: enseignement supérieur, massification, qualité de la formation.

I. Introduction

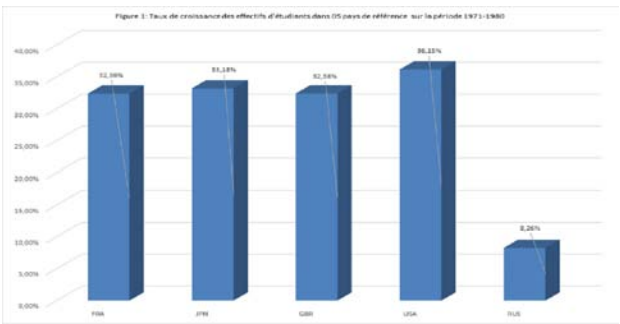
Il est désormais largement admis que le progrès technique, entendu comme l'accroissement dans un processus cumulatif des savoirs humains appliqués à la production, joue un rôle essentiel dans la croissance et le développement des nations. Approfondissant les analyses de Solow (1957) qui mettaient déjà en évidence le progrès technique comme facteur explicatif de la croissance économique, dans les années quatre-vingt et quatre-vingt-dix, les théories de la croissance endogène vont davantage mettre en lumière le rôle primordial du capital humain - en termes d'éducation personnelle (Lucas, 1988) - et de la connaissance technologique (Romer, 1990) dans la pérennisation de la croissance économique.

Dans le monde contemporain de l'économie du savoir, l'évolution tant des individus que des collectivités est de plus en plus déterminée par ces progrès technologiques. Par suite, le maintien et le développement de leur prospérité exige des pays qu'ils conservent leurs avantages concurrentiels en développant et en entretenant une main-d'œuvre qualifiée, en maintenant une base de recherche compétitive à l'échelle mondiale et en améliorant la diffusion des connaissances au profit de la société dans son ensemble (Tremblay et al., 2012).

Dans ce contexte, l'enseignement supérieur, qui est le niveau d'éducation où se développent par excellence les connaissances et savoirs affinés et les capacités d'innovation, se retrouve naturellement au cœur des stratégies individuelles, locales, nationales et internationales d'arrimage à l'économie du savoir.

Si la conjoncture ainsi décrite peut être l'un des principaux fondements de la massification actuellement constatée de l'enseignement supérieur dans le monde, cette massification étant perçue ici d'emblée comme une large augmentation des effectifs des étudiants, il reste que pour certaines régions du monde, les débuts de ce phénomène sont antérieurs à la révolution numérique qui est le principal vecteur de l'économie du savoir.

En effet, le phénomène de la massification dans l'enseignement supérieur prend corps dans les pays développés quelques années après la seconde guerre mondiale, à partir des années 60 ou 70 selon les pays. Ainsi, sur la période 1971-1980 par exemple, on observe un accroissement des effectifs des étudiants aux USA de 36,55%, au Royaume Uni de 32,38%, en France de 32,36%, au Japon de 33,18% et en Russie de 8,26% (Figure 1).



Source: l'auteur à partir des WDI 20171[1]

Fig.1: Taux de Croissance des Effectifs D'etudiants dans 05 pays de Reference sur la Periode 1971-1980

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[1] Accessible en ligne à l'adresse: http://databank. worldbank. org/ data/reports.aspx?source=world-development-indicators.

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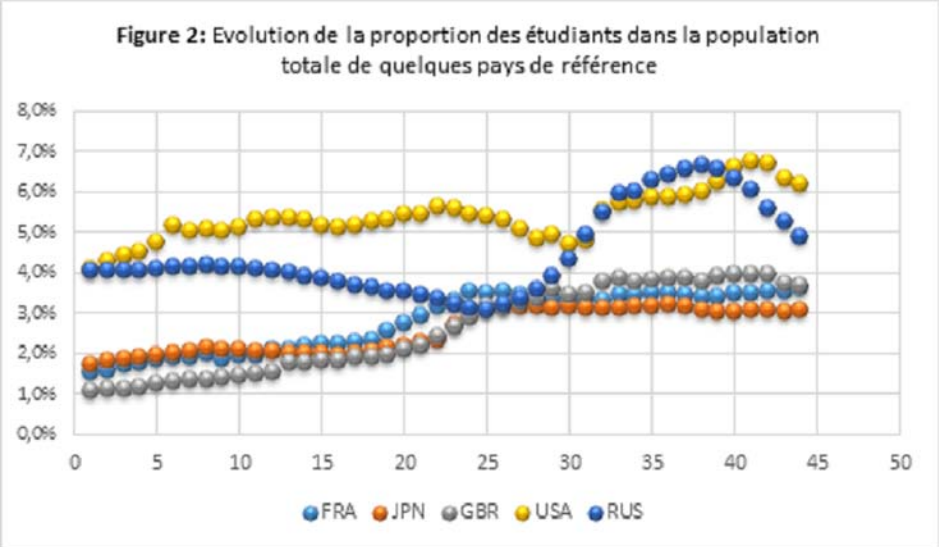
On soulignera cependant que sur ladite période, en moyenne plus de 4% de la population totale des USA et de la fédération de Russie sont dans le supérieur contre moins de 2% pour les autres pays (Figure 2).



Source: l'auteur à partir des WDI 2017

Fig. 2: Evolution de la Proportion des Etudiants dans la Population totale de Quelques pays de Reference

En Afrique subsaharienne sur la même période, on note un accroissement de 72,26% de la population estudiantine avec toutefois une moyenne relativement très faible de 0,145% de la population totale dans l'enseignement supérieur, ce qui correspond à un étudiant pour près de 690 habitants contre 1 moins de 100 habitants dans tous les pays de référence ici retenus.

Néanmoins, bien que son rythme semble être contingent aux niveaux de développement des différents pays et des différentes régions du monde, la massification dans l'enseignement supérieur apparaît ainsi être un phénomène persistant qui, à juste titre, retient l'attention du public, des décideurs et des chercheurs.

Pour les chercheurs qui s'en sont préoccupés, les travaux ont généralement visé à tester 04 hypothèses (Wolter, 2013), à savoir : 1- l'hypothèse que la massification de l'enseignement supérieur conduit à une composition plus hétérogène ou diversifiée du corps étudiant en termes de background, de talents, de motivations et d'attentes, 2- l'hypothèse que la massification est non seulement un processus d'augmentation, mais aussi d'élargissement de la participation impliquant un changement de la structure des opportunités/possibilités d'accès à l'enseignement supérieur, 3- l'hypothèse de la conformité du processus de massification avec des objectifs politiques clés tels que la promotion de groupes défavorisés pour plus d'équité dans l'allocation et la distribution des opportunités sociales, et 4- l'hypothèse de l'existence d'un lien entre la massification de l'enseignement supérieur et le discours contemporain sur l'apprentissage tout au long de la vie.

Nonobstant la pertinence de ces hypothèses, l'ambition de la présente réflexion est relativement plus modeste. En effet, elle vise simplement à apporter une contribution à la question des enjeux du phénomène de massification de l'enseignement supérieur et à mettre en exergue quelques solutions explorées ou explorables dans le contexte du Cameroun et de l'espace CAMES. Ladite contribution emprunte essentiellement le prisme des sciences économiques, en rapport avec l'essor des Technologies de l'Information et de la Communication.

Dans cette perspective, il paraît judicieux de commencer dans une première section par étayer davantage le phénomène en présentant quelques axes, ancrages théoriques plausibles et évidences de la massification de l'enseignement supérieur. Ces contours étant circonscris, la deuxième section se consacre à la présentation des enjeux et solutions inhérents au phénomène. La dernière section est celle de la conclusion.

II. Quelques Contours de la Massification de L'enseignement Supérieur : Axes, Ancrages théoriques Plausibles et Évidences empiriques

Bien qu'ayant pâti dans les années 90 sous ajustement structurel d'une négligence ostentatoire soutenue par les institutions financières internationales (Mohamedbhai, 2008), l'enseignement supérieur en Afrique sub-saharienne est lui aussi désormais

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embringué dans un processus de massification à travers plusieurs axes qui se prêtent à divers ancrages théoriques plausibles (1) et dont on peut penser qu'ils en déterminent les évidences empiriques observés (2).

a) Axes et ancrages théoriques plausibles du phénomène

i. *Quelques axes du phénomène de massification de l'enseignement supérieur*

S'il va sans dire que la massification de l'enseignement supérieur est généralement réduite à l'augmentation rapide des effectifs des apprenants dans cet ordre d'enseignement, une exploration cartésienne du phénomène conduit cependant à y déceler plusieurs axes. Empruntant aux concepts des sciences économiques et de gestion pour disséquer le phenol-mène, il est en effet possible d'entrevoir au minimum 03 axes contribuant à l'alimenter, à savoir : un axe de la demande, un axe de l'offre et un axe des produits/services.

Suivant cette nomenclature, l'axe de la demande charrie la massification des effectifs des étudiants. En conséquence, c'est lui qui est généralement retenu pour caractériser l'ensemble du phénomène de massification de l'enseignement supérieur. Bien que la prépondérance de cet axe ne soit plus de mise, il reste que le systeme *d'enseignement supérieur* de tout pays est bien constitué de nombreux éléments autres que les étudiants. Et, dans la mesure où ces derniers sont des demandeurs, leur massification tend généralement à aller de pair avec celle des offreurs, certes en proportions moindres et avec un certain gap pour ces derniers.

L'axe de l'offre est ainsi celui qui porte l'augmentation de l'effectif des institutions de formation supérieure, ainsi que l'accroissement avec le temps de leur hétérogénéité, entre autres par l'origine de leurs capitaux : publics/privés, nationaux/internationaux. Cette massification des offreurs induit quasi-fatalement une intensification de la concurrence qui conduit à une augmentation certaine de la variété des produits/services de formation offerts.

Le troisième axe de massification dans l'enseignement supérieur est ainsi celui des produits/services offerts, tant en termes de formations diplômantes que de formations *certifiantes*, de formations en présentiel que de formations hybrides ou à distance.



Source: l'auteur

Figure 3: Quelques Axes de Massification du Système D'enseignement Supérieur

Cette approche analytique donne lieu à l'identification de quelques théories économiques potentiellement explicatives de ce phénomène de massification dans l'enseignement supérieur.

ii. *Quelques pistes théoriques plausibles d'ancrage du phénomène de massification de l'enseignement supérieur*

Sous la perspective des sciences économiques, la massification de l'enseignement peut être saisie comme le résultat de la mise en œuvre de leurs stratégies, par les acteurs que sont les demandeurs et les offreurs. Il est alors judicieux de considérer que le déploiement de ces stratégies s'effectue dans un environnement où ces agents doivent faire face à quelques contraintes.

Une première contrainte envisageable est celle de la conjoncture économique mondiale dont il est désormais largement admis qu'elle est marquée par la prépondérance de l'économie du savoir dont deux caractéristiques essentielles sont notamment: d'une part la tendance au déclassement rapide du travail non qualifié ou routinier et à sa substitution par le facteur capital ; d'autre part la tendance à la disparition des entreprises non innovantes.

A l'échelle domestique, une deuxième contrainte réside dans la démographie, aussi bien en termes de taille de la population totale que de structure

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par âges et par sexes de cette population. En effet, la jeunesse de la population dans les pays africains est un facteur de haute pression sur le marché du travail, le signal ultime étant celui de l'impératif de compétitivité pour y survivre.

Les 02 contraintes ci-hauts présentées affectent évidemment les comportements stratégiques des acteurs, demandeurs et offreurs.

En observant que l'Etat fait bien partie de ces acteurs, le fait que sa stratégie dans le système de l'enseignement supérieur est nécessairement conçue et opérationnalisée par des politiques et des bureaucrates induit la convocation possible, pour l'analyse de la massification de ce système, de la théorie économique des choix publics (Buchanan, Tollison et Tullock, 1980) et de la théorie économique de la bureaucratie (Niskanen,1971). Ces théories seraient alors mobilisées pour suivre la rationalité politico-économique des politiques et bureaucrates qui affichent en perspective l'objectif dual d'accès et d'équité dans des engagements en faveur d'une « démocratisation de la formation supérieure ».

Dans la stratégie du travailleur individuel, ces contraintes internationale et domestique mettent en mouvement la théorie du capital humain (Schultz, 1960; Becker, 1962) dans la mesure où l'éducation dans l'enseignement supérieure est perçue comme un investissement au rendement escompté potentiellement plus élevé que dans les ordres inférieurs d'enseignement.

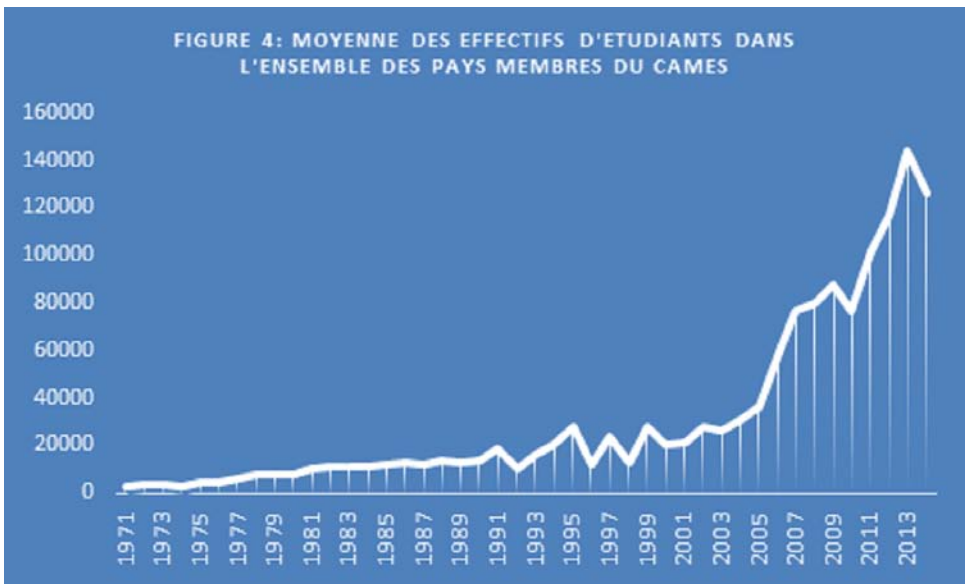
Cependant, une caractéristique structurelle du marché de l'emploi est l'asymétrie d'information qui se traduit par une relation d'agence induisant des comportements stratégiques de production des signaux crédibles chez les deux groupes d'acteurs que sont les entreprises offreuses d'emploi et les travailleurs demandeurs d'emploi. Par suite, la théorie de l'agence (Meckling et Meckling 1976) et la théorie du signal (Spence, 1974) peuvent également être utilement mobilisées.

b) Quelques évidences empiriques de la massification de l'enseignement supérieur dans l'espace CAMES en général et au Cameroun en particulier.

i. *Quelques évidences empiriques dans l'espace CAMES*

L'observation des statistiques du système d'enseignement supérieur des pays membres du Conseil Africain et Malgache pour l'Enseignement Supérieur (CAMES)[2] révèle que, comme dans les pays de référence que nous avons retenu, le processus de massification dans l'enseignement supérieur est résolument en progression depuis la décennie 1970.

En retenant uniquement l'axe de la massification des effectifs, sur la période 1971-2014, dans l'ensemble des pays membres du CAMES, on constate un accroissement à allure exponentielle à la fois de la moyenne des effectifs d'étudiants (Figure 4) et de la proportion des étudiants dans la population totale (Figure 5).



Source : l'auteur à partir des WDI 2017

Fig.4: Moyenne des Effectifs D'etudiants dans L'ensemble des Pays Membetes du CAMES

[2] Ces pays sont au nombre de 19, notamment: 1-le Benin, 2-le Burkina Faso, 3- le Burundi, 4- le Cameroun, 5- la République Centrafricaine, 6- la République du Congo, 7- la Cote D'ivoire, 8- le Gabon, 9- la République de Guinée, 10- la Guinée-Bissau, 11- la Guinée Equatoriale, 12- Madagascar, 13- le Mali, 14- le Niger, 15- la République Démocratique du Congo, 16- le Rwanda, 17- le Sénégal, 18- le Tchad et 19- le Togo.

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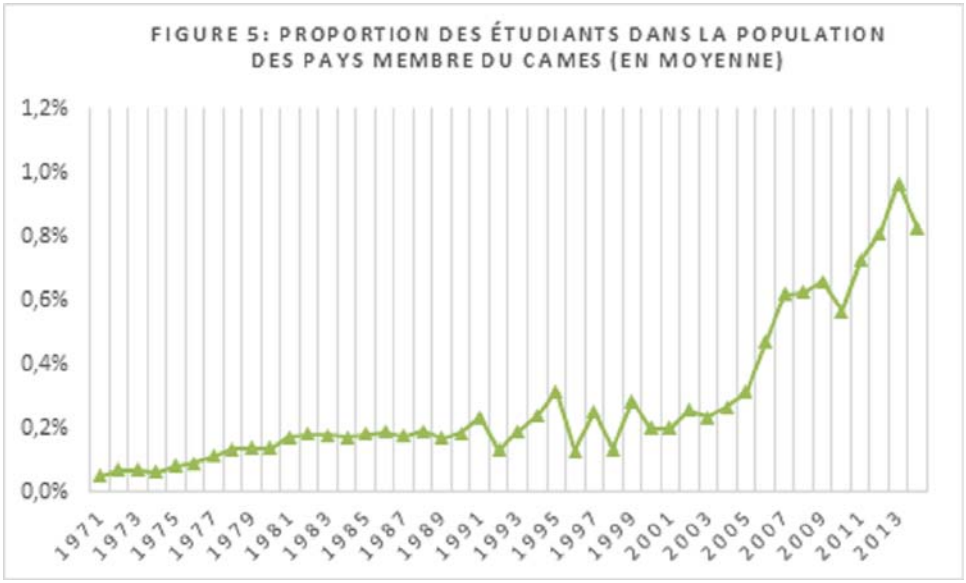


Source: l'auteur à partir des WDI 2017

Fig. 5: Proportion des Etudiants dans la Population des Pays Member du CAMES (Eenmoyenne)

Dans l'ensemble des 19 pays membres actuels du CAMES, le taux de croissance moyen de la proportion des étudiants dans la population des pays membres du CAMES entre 1971 et 2014 est ainsi supérieur de plus de deux fois à celui de la croissance moyenne de la leur population totale (Tableau 1).

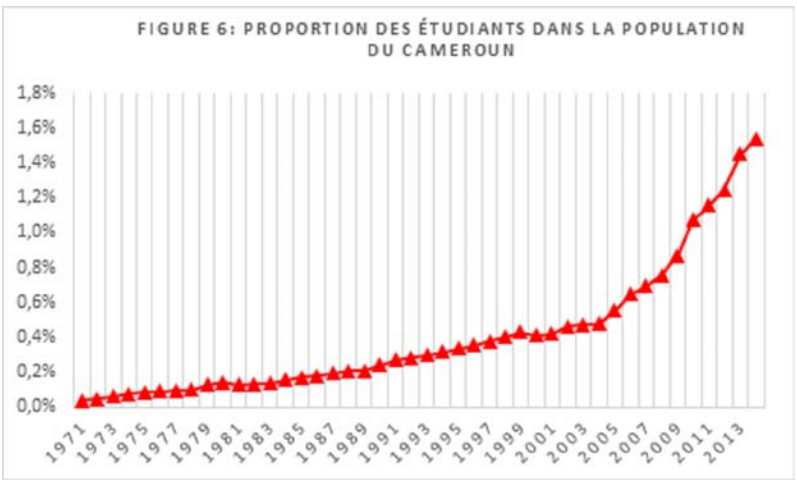
Tableau 1: Comparaison du Taux de Croissance de la Proportion des Étudiants Dans la Population Totale et du Taux de Croissance de la Population Totale Dans L'espace CAMES

Taux de croissance moyen de la proportion des étudiants dans la population des pays membres du CAMES entre 1971 et 2014	Taux de croissance moyen de la population des pays membres du CAMES entre 1971 et 2014
6,801%	2,881%

Source: l'auteur à partir des WDI 2017

ii. *Quelques évidences empiriques au Cameroun*

Sur l'axe de la massification des effectifs pour la période 1971-2014, dans le cas particulier du Cameroun, l'observation des statistiques du système d'enseignement supérieur indique naturellement une tendance similaire à celle de l'ensemble des pays membres du CAMES, mais avec cependant un trend croissant relativement plus fort (Figure 6).



Source: l'auteur à partir des WDI 2017

Fig. 6: Propoetion des etudiants dans la Population du Cameroun

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Dans ce pays, le taux de croissance moyen de la proportion des étudiants dans la population entre 1971 et 2014 est en effet supérieur de plus de trois fois à celui de la croissance moyenne de sa population totale (Tableau 2).

Tableau 2: Comparaison du taux de croissance de la proportion des étudiants dans la population totale et du taux de croissance de la population totale dans l'espace CAMES

Taux de croissance moyen de la proportion des étudiants dans la population du Cameroun entre 1971 et 2014	Taux de croissance moyen de la population du Cameroun entre 1971 et 2014
8,937%	2,799%

Source : l'auteur à partir des WDI 2017

En considérant l'axe de la massification de l'offre, les chiffres mettent également en évidence une massification progressive du système d'enseignement supérieur du Cameroun, en révélant quasi-explicitement deux facteurs catalyseurs, à savoir : la réforme universitaire de 1993 et la loi d'orientation de l'enseignement supérieur de 2001. En effet, avant 1993 le système d'enseignement supérieur universitaire du Cameroun ne comptait qu'une seule université et 12 établissements universitaires (Figure 7), aucune université privée et moins de cinq Instituts Privés d'Enseignement Supérieur (Tableau 3).

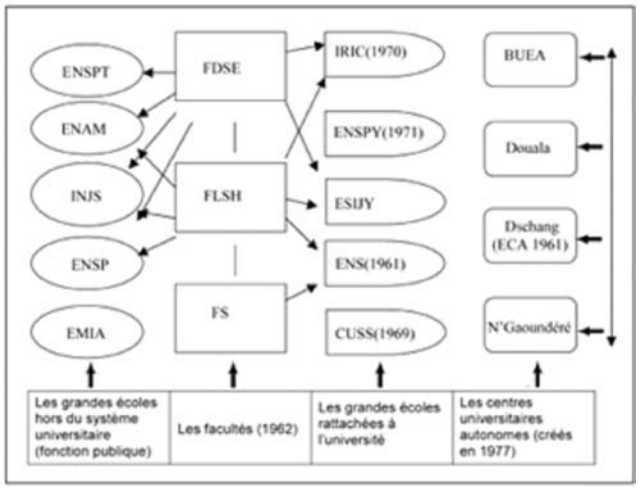

Figure 7: Schéma architectural du système universitaire avant la réforme de 1993

Légende

ENAM : École nationale d'administration et de magistrature. **ENS**: École normale supérieure. **ENSP**: École nationale supérieure de police. **ENSPT**: École nationale supérieure des postes et télécommunications. **ENSPY** : École nationale supérieure polytechnique de Yaoundé. **ENSTP**: École nationale supérieure des travaux publics. **ESIJY**: École supérieure internationale de journalisme de Yaoundé. **FDSE** Faculté de Droit et de Sciences économiques. **FLSH** : Faculté des Lettres et des Sciences humaines. **FS**: Faculté des Sciences. **INJS**: Institut national de jeunesse et sports. **IRIC**: Institut des relations internationales du Cameroun.

Source: Folefack (2017)

Tableau 3: Evolutions indicatrices de la massification de l'offre d'enseignement supérieur au Cameroun

Sous-système d'enseignement supérieur relevant du public au Cameroun		
	Avant 1993	Situation en 2017
Universités d'Etat	01	08
dont établissements publics	*12*	*67*
Universités transnationales	00	03
Universités Virtuelles	00	02
Sous-système d'enseignement supérieur relevant du privé au Cameroun		
	Avant 2001	*Situation en 2017*
Instituts Privés d'Enseignement Supérieur (IPES)	Moins de 05	Plus de 220
Universités	01	02

Source: l'auteur

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Relativement au troisième axe qui est celui de la massification des produits ou services offerts, les données mettent également en évidence la réalité du phénomène, notamment en termes d'accroissement de la variété des formations désormais offertes dans le système d'enseignement au Cameroun. Il apparait ainsi que:

- Dans le sous-système d'enseignement supérieur relevant du public, l'effectif des établissements facultaires classiques est passé de 03 avant 1993 à 22 de nos jours, alors que celui des établissements professionnels et technologiques passait dans le même temps de 09 à 45.
- Tous les 11 grands domaines d'étude et de formation dans l'enseignement supérieur tels que définis par la Classification Internationale Type d'Education de 2013 (CITE)[32] sont désormais couverts dans le système d'enseignement supérieur du Cameroun et, dans cet ensemble global, 83% des domaines d'éducation et de formation détaillés sont effectivement concernés à travers environ 298 offres de formation.

III. La Massification de L'enseignement Supérieur : Quelques Enjeux et solutions

Le processus régulier de massification à tendance croissante qui a cours dans le système d'enseignement supérieur du Cameroun et de tout l'espace du CAMES comme dans les autres régions du monde emporte de multiples enjeux interpellant diverses pistes de solutions.

a) *Enjeux inhérents à la massification de l'enseignement supérieur*

Les enjeux inhérents à la massification de l'enseignement supérieur peuvent être répartis sous deux sous-ensembles, selon qu'ils sont perçus comme constituant une menace ou une opportunité par les différents acteurs de ce système. On distinguera ainsi : d'une part les enjeux à connotation péjorative (menace) et, d'autre part, les enjeux à connotation méliorative (opportunité).

i. *Quelques enjeux à connotation péjorative*

Pour les acteurs du système d'enseignement supérieur, la massification dans l'enseignement supérieur emporte quelques enjeux à connotation péjorative entre autres pour la qualité de la formation et l'emploi.

En effet, il apparait évident que, toutes choses restant égales par ailleurs, l'accroissement rapide des effectifs d'étudiants dans un contexte de quasi-stagnation contrainte des ressources publiques affectées au sous-secteur de l'éducation et de la formation accentue le risque de détérioration de la qualité des formations dans l'enseignement supérieur.

Cette hypothèque que le phénomène de massification fait peser sur la qualité de la formation s'étend également à l'emploi, notamment en ce qui concerne sa stabilité. En effet, du fait de l'accroissement du nombre de diplômés consécutif à la massification, le paradoxe d'Anderson (1961) – qui traduit une lente dévalorisation progressive des diplômes au fil des générations – est désormais avérée (Forsé, 1997). Cette réalité proche du paradoxe de composition de Keynes a pour corollaire un déclassement plus rapide des qualifications par l'intensification de la compétition technologique.

Cependant, la perspective Schumpétérienne de la concurrence, et donc de la compétition technologique, comme processus de « destruction créatrice» invite à ne pas ignorer les possibles enjeux positifs de la massification de l'enseignement supérieur.

ii. *Quelques enjeux à connotation méliorative*

Considérant les fonctions-objectifs normales des acteurs du système d'enseignement supérieur, il est possible de relever que la massification dans l'enseignement supérieur emporte également des enjeux à connotation méliorative entre autres pour la compétitivité de l'économie et le bien-être social.

Un trait caractéristique essentiel de la globalisation des économies consiste en l'intensification de la concurrence. Dans ce contexte, la réussite tant des entreprises que des économies nationales est largement tributaires de la maîtrise qu'elles ont des technologies.

Parce qu'elle se traduit par une augmentation de la masse des ressources humaines disposant de compétences et/ou des habilités à assimiler des technologies innovantes, la massification du système d'enseignement supérieur dans les pays en développement en général et de l'Espace du CAMES en particulier peut être un facteur d'insertion positive dans la globalisation, précisément par un arrimage réussi dans la chaîne des valeurs mondiales. Dans cette ère d'économie de la connaissance, la massification du système d'enseignement supérieur nourrit en effet la recherche-développement et le développement des compétences et habilités: de production en quantité et en qualité, de commercialisation en quantité et en qualité et de négociation nationale et internationale.

Le paradoxe d'Anderson qu'elle charrie lui procure en même temps quelques attributs de facteur

[3] Ces grands domaines sont notamment : 00 Programmes et certifications génériques ; 01 Éducation ; 02 Lettres et arts ; 03 Sciences sociales, journalisme et information ; 04 Commerce, administration et droit ; 05 Sciences naturelles, mathématiques et statistiques ; 06 Technologies de l'information et de la communication ; 07 Ingénierie, industries de transformation et construction ; 08 Agriculture, sylviculture, halieutique et sciences vétérinaires ; 09 Santé et protection sociale ; 10 Services. UNESCO (2014).

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d'éveil. En effet, si la dévalorisation lente des diplômes expose les travailleurs au risque de déclassement, elle invite en même temps à rester en alerte permanente sur l'adéquation de leurs compétences aux besoins du système productif, ce qui les inscrit rationnellement dans un scénario d'apprentissage continue, tout au long de la vie.

Enfin, dans la mesure où l'éducation et la connaissance possèdent des traits de bien public (non rivalité et exclusivité limitée), dans la perspective des capacités de Sen, la massification de l'enseignement supérieur est susceptible de contribuer à l'amélioration du bien-être social au sein des collectivités humaines dans lesquelles elle se produit.

Cependant, pour être saisies, toutes les opportunités ainsi relevées requièrent que la massification dans le système d'enseignement supérieur soit convenablement gérée. Concrètement il s'agira de lui trouver des solutions idoines.

i. *Solutions explorées et explorables en réponse à la massification dans l'enseignement supérieur*

De l'observation des pratiques en cours, il ressort que, pour relever au mieux les défis inhérents au phénomène de sa massification, les responsables en charge des prestations dans le système d'enseignement supérieur mettent en œuvre diverses solutions qui peuvent elles-mêmes servir de fondements à d'autres solutions explorables, notamment lorsqu'elles sont mises en rapport avec les opportunités d'innovations ouvertes par les technologies de l'information et de la communication.

ii. *Quelques solutions explorées dans nos universités*

En réponse à la massification dans l'enseignement supérieur, les solutions en cours d'exploration dans la plupart des universités des pays de l'espace CAMES et même d'Afrique en général sont globalement de 03 ordres:

- La répartition des étudiants d'une même classe en plusieurs groupes pour préserver le confort de travail ;
- La mise à jour des programmes en vue de la professionnalisation et de l'employabilité des apprenants comme salariés, auto-employés ou entrepreneur;
- Le lancement de formations et autres activités génératrices de revenus dans la perspective de subventions croisées au profit des formations réputées être non marchandes.

La mise en œuvre de la première solution conduit à programmer, dans une même classe, chaque unité de cours en autant de fois qu'il y a de groupes. En fonction du capital humain disponible, le même enseignant ou des enseignants différents sont affectés aux différents groupes ainsi créés. Cet éclatement des étudiants d'une même classe en plusieurs groupes permet d'améliorer le confort de travail des enseignants qui, maîtrisant mieux leurs classes, peuvent alors améliorer la qualité de l'encadrement des apprenants.

Dans le même temps, favorisé par la généralisation de l'adoption du système licence-master-doctorat (LMD), on assiste dans les universités à une mise à jour relativement plus régulière des curricula, en partenariat avec les milieux socio-professionnels. Cette mise à jour participe du processus d'assurance qualité implicite ou explicite et vise clairement non seulement à endiguer le paradoxe d'Anderson, mais aussi à promouvoir l'entrepreneuriat.

Dans la mesure où l'exploration de ces deux premières solutions a révélé une augmentation des besoins en financements des universités, notamment celles qui relèvent du public, ces dernières ont été conduites à lancer des programmes de formation professionnelle continue ciblant un public d'apprenants en activités sur le marché de l'emploi. Disposant d'un pouvoir d'achat supérieur à celui des apprenants dans les formations dites initiales, ces apprenants acceptent des payer des frais de formations suffisamment élevés pour permettre aux établissements universitaires qui les offrent de dégager des marges destinées à "subventionner" les besoins supplémentaires de financement engendrés par la massification des effectifs. En répondant par définition à des demandes quelques fois bien spécifiques, cette solution contribue généralement à la massification des services offerts et/ou à celle de l'offre lorsqu'elle implique la création d'une institution nouvelle de formation.

Au total, il apparaît que ces solutions explorées visent à relever les défis de la qualité et de la pertinence de la formation qui invitent cependant à en explorer d'autres.

iii. *Quelques solutions explorables*

L'association des solutions explorées, ci-avant présentées, avec les opportunités d'innovations qu'offrent les développements des technologies de l'information et de la communication induit à envisager l'existence d'autres solutions susceptibles d'exploration par les responsables en charge des systèmes d'enseignement supérieur.

Sous ce prisme, une approche de solution complémentaire immédiate consisterait à actionner finement le levier de la gouvernance techno-numérique par une exploitation davantage innovante des TIC pour l'éducation et la formation. Concrètement, cette approche pourrait se traduire par:

- la systématisation des projets de supports numériques de formation dont certains sont d'ailleurs en cours dans certains pays membre du CAMES [43] ;
- l'implémentation de modèles de formation « semi-présentiels mono-enseignant multisalles en

[4] C'est le cas du projet e-book au Cameroun.

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synchrones » ainsi qualifiés parce qu'il consisterait à exploiter les TIC pour permettre à un même enseignant d'être, à travers des écrans dédiés, simultanément suivi dans plusieurs salles de classe par des apprenants avec la possibilité pour ces derniers d'échanger en temps réel avec lui à la faveur des caméras judicieusement positionnées.

- L'implémentation d'un modèle de formation hybride présentiel-distanciel(*blended learning*) contextualisé parce qu'envisager en terme de E-LAN (*Educational Local Area Network*) ou de E-MAN (Educational Metropolitan Area Networks). Leurs originalités résideraient alors dans le fait de fonctionner sous forme d'intranet, avec un accès certes contrôlé, mais gratuit, par wifi aux apprenants sur un campus (E-LAN) ou dans un rayon géoFigure à définir (E-MAN). La gratuité étant ici envisagée comme facteur incitatif à l'usage d'autant plus déterminant que de nombreuses études révèlent que les coûts d'accès élevés restent l'un des principaux facteurs explicatifs de la fracture numérique dans les pays en développement (Tamokwe et Jazet, 2016).

Dans la même ornière, deux autres leviers pourront également faire l'objet d'un actionnement affiné à savoir : le levier de la gouvernance académique et le levier de la gouvernance heuristique. Par l'accessibilité de l'information désormais facilité par les TIC, en vue de conforter la qualité des formations et l'employabilité des apprenants, les responsables veilleront encore plus méticuleusement à :

- d'une part la « *glocalisation* » effective des formations[54] dans le sens où les apprenants reçoivent une formation de standard international pour être compétitif sur le marché mondial avec cependant des applications locales pour être porteurs de solutions adaptés aux besoins de leur proche environnement ;
- d'autre part à la diversification de la recherche en matière d'innovation pédagogique arrimée aux standards internationaux en vue d'apporter toujours plus de solutions à la problématique de la massification dans l'enseignement supérieur dont les marges de progressions restent importantes du fait de la structure essentiellement jeune de la population africaine. Ultimement, ces solutions viseront à optimiser les dividendes démoFigures que les pays de l'espace du CAMES et de toute l'Afrique sont en droit d'escompter de la prépondérance des jeunes dans la structure par âges de leur population.

[5] L'idée est celle qu'on peut qualifier de "*train global while experimenting local*".

IV. Conclusion

Nous avons voulu apporter une contribution à la question des enjeux du phénomène de massification de l'enseignement supérieur et mettre en exergue quelques solutions explorées ou explorables dans le contexte du Cameroun et de l'espace CAMES en prenant appui sur l'essor des Technologies de l'Information et de la Communication.

L'empruntant aux concepts des sciences économiques et de gestion pour disséquer ce phénomène conduit à entrevoir 03 axes contribuant à l'alimenter, à savoir : un axe de la demande, un axe de l'offre et un axe des produits ou services.

Cette massification, dont un fait stylisé des plus saillants – tant au Cameroun que dans tous les pays de l'espace du CAMES – consiste en ce que l'accroissement de la proportion des étudiants dans la population totale sur la période 1971-2014 est au minimum deux fois supérieur à celui de la population totale, peut se prêter à des analyses relevant de théories économiques aussi diverses que la théorie des choix publics, la théorie de la bureaucratie, la théorie du capital humain, la théorie de l'agence ou la théorie du signal.

Ce phénomène est porteur d'enjeux à connotation péjorative pour certains perçus comme des menaces et d'enjeux à connotation méliorative pour d'autres perçus comme des opportunités. Il fait peser une hypothèque sur la qualité de la formation et sur le marché de l'emploi, l'une de ses principales menaces résidant dans le paradoxe d'Anderson qu'il peut entrainer.

Pour y faire face, les responsables en charge dans les systèmes d'enseignement supérieur des divers pays explorent déjà diverses solutions qui peuvent elles-mêmes servir de fondements à d'autres solutions explorables, notamment lorsqu'elles sont mises en rapport avec les opportunités d'innovations ouvertes par les technologies de l'information et de la communication. Ainsi, la solution explorée de la répartition des étudiants d'une même classe en plusieurs groupes pour préserver le confort de travail conduit par exemple à la solution explorable de l'implémentation de modèles de formation « semi-présentiels mono-enseignant multisalles en synchrones ». En somme, ces solutions qui ont globalement pour objectifs : de neutraliser les menaces inhérentes à la massification dans l'enseignement supérieur, de transformer certaines de ces menaces en opportunités, et de saisir les opportunités immédiates avec pour finalité de sauvegarder et d'assurer la pertinence et la qualité des formations et autres prestations offertes.

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Development Strategy: The Seventh Heaven

By Dr. Abha Agrawal

Introduction- According to Goldman Sachs' India's GDP (Gross Domestic Product) in Current Prices may overtake France and Italy by 2020; Russia, Germany and United Kingdom by 2025; and Japan by 2035. It is also predicted that economy of India will be the third largest after United States of America and China by 2025. In this milieu let's have a look on both the most populous and basically agrarian economies i.e., India and China.

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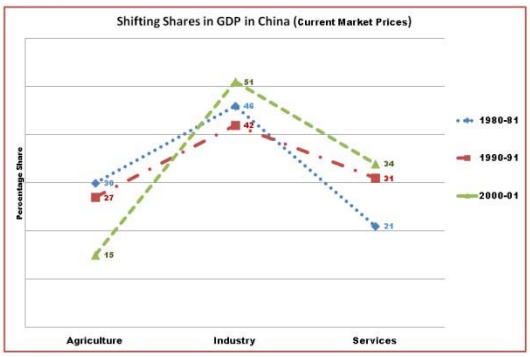
Development Strategy: The Seventh Heaven

Dr. Abha Agrawal

I. Introduction

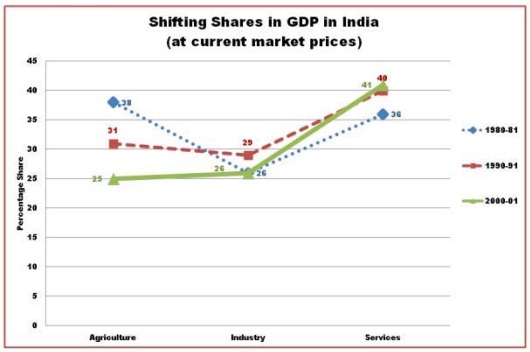
According to Goldman Sachs' India's GDP (Gross Domestic Product) in Current Prices may overtake France and Italy by 2020; Russia, Germany and United Kingdom by 2025; and Japan by 2035. It is also predicted that economy of India will be the third largest after United States of America and China by 2025. In this milieu let's have a look on both the most populous and basically agrarian economies i.e., India and China:-

II. A Comparison with Chinese Economy



Source: Wikipedea

Figure 1



Source: Wikipedea

Figure 2

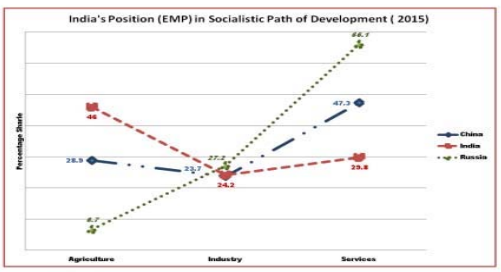
In the above figures 1 and 2 one contrast is noticeable: that sector-wise composition in GDP has reverse picture in both the economies ; while Chinese Economy is facing *Inverse V* while that of India's *Convex V(et al .2018).* What does it implies? Chinese Economy has built up strong manufacturing base while that of Indian Economy has stagnated and coupled manufacturing base with strong reliance on external demand for growth at the face of squeezing agrarian sector and prosperity driven but poverty -ridden service sector. Constantly falling share in GDP and with highly low per capita and per acre marginal productivity Indian agricultural sector is crippling with low purchasing power and consequently low demand for consumable as well as intermediate goods: thus putting downward pressure on manufacturing growth. Henceforth; unchecked population , resultant increasing labor force finds its way to livelihood in tertiary sector: next after to agriculture; which is highly unorganized and skewed in nature. Thus: concentration of unviable and marginal economic holdings, overcapitalization of manufacturing sector, a skewed distribution of national income coupled with concentration of wealth are consequently becoming the core factors for falling, stagnant and rising share in GDP of agriculture , manufacturing and services sectors, thereby. This narrates the story of Convexity of Indian Economic Growth.

III. A comparison with World's Leading Economies (Employment: emp)



Source: Wikipedea

Figure 3



Source: Wikipedea

Figure 4

Author: e-mail: abha6040@gmail.com

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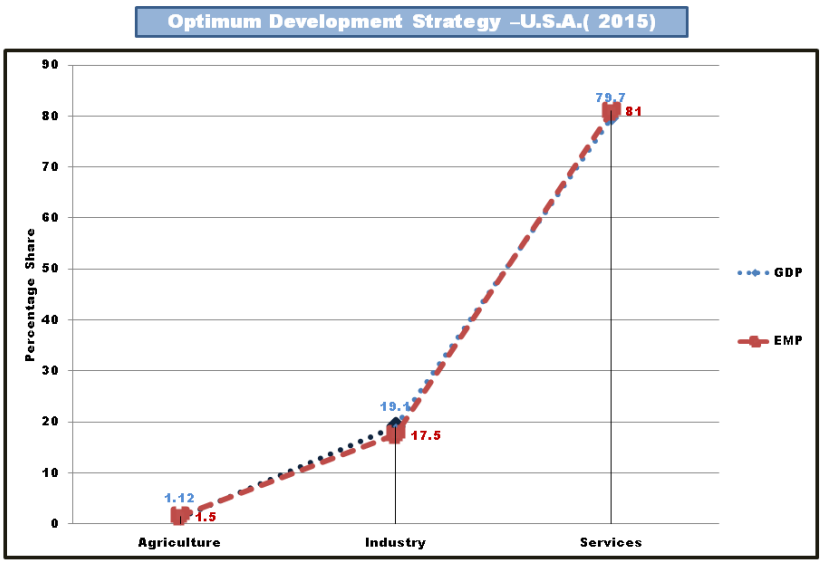
About the economy's employment potential it's major portion of working population still relies on agriculture (46 percent in 2015:) vis a vis capitalist economies (USA, UK) which employs only 2 percent of its population in agriculture (see figure 3). As compared to communist economies they too are moving fast to the services sector and shedding their reliance on agriculture for jobs as soon as diversification of jobs gathered its momentum in these economies. Russia employs less than 10 percent of its population in agriculture while that of China from 50 percent in 2002 to meager 30 percent in 2015 (see Table 1 & Figure 4). Services form a significant proportion of employment in all the above economies ranging from 80, 67,47 and 30 percent in case of USA & UK, Russia, China and India, respectively. So crux of the issue is that India' s economic development strategy has committed serious blunders; somewhere, in its formulation.

Now what should be the measuring rod for a flawless development strategy? I will start with the connotation that Economy is by the population, for the population and of the population. The objective of every economy should be its people's growth not the economy's growth. So the best development strategy would be when its [Employment Share / Sectoral Share] to GDP ratios becomes one, i.e. when both the curves co-insides (within a maximum time span of 100 years) and factors mobility within the economy apparently comes to an end: as factor price equalization theorem (Heckscher-Ohlin Factor Price Equalization Theorem) emphasizes. Until (average) value of the marginal physical product of labor (VMP: = MPPL* AR =P) in all sectors doesn't become equal: factors of production will keep on moving from one productive activity to another. Clearly, the sectors which have higher marginal physical product will employ more people herein lies the rationale of service sector's growth potential. But service sector's growth should be potent instead concentration of migrants (from agriculture and retrenchment).

With this view, I can deduce economy will be in seventh heaven when EMP hugs the GDP from below just like in equilibrium marginal cost curve cuts marginal revenue curve from below. *Meaning thereby that production process of the gross domestic product is not only conducive to employ all the labor force but is running, also, faster. Take EMP as Groom and GDP its Bride when EMP will be strong enough (people of the economy)GDP will be taken care off without upheaval.*

America, France ,the United Kingdom are the live examples of this approach.. In the (figure 5)

America's Employment and GDP composition has been shown which is near to factor price equalization in all sectors. Germany, Japan (Figure: 6 and7) have the same composition. These economies are moving on the correct development path.



Source: Wikipedea

Figure 5

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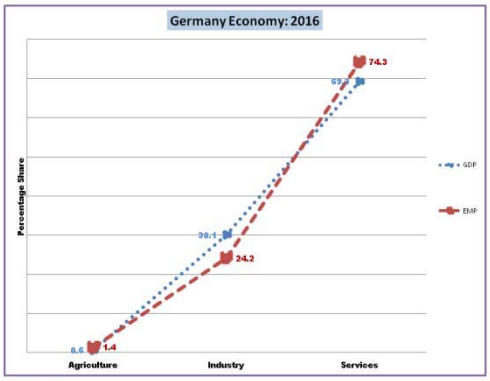
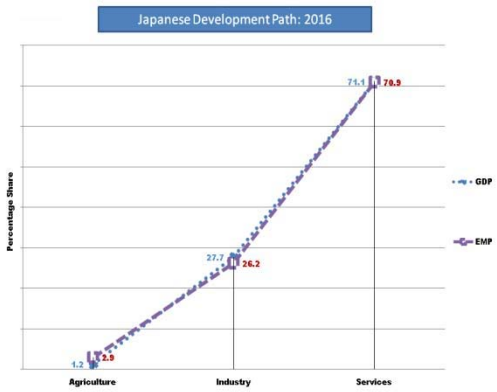


Source: Wikipedea

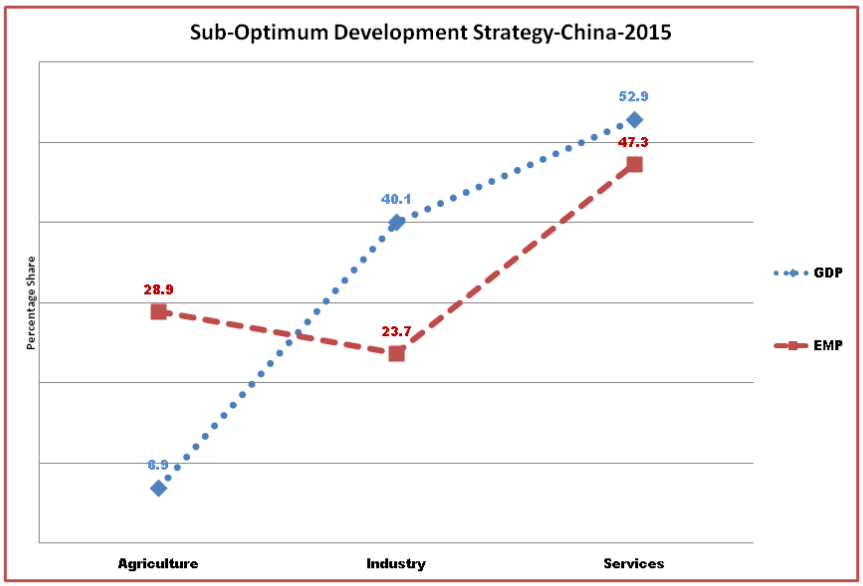
Figure 6



Source: Wikipedea

Figure 7

While in figure: 8 China's GDP composition and its employment share has been depicted which clearly shows that Bride or GDP is above the Groom and both are hesitating in hugging each other means male (EMP) should be superior or say employment should be increased in the sectors where GDP > EMP i.e., people will keep on moving from agriculture to Industry and to services until EMP and GDP coincides. So it is sub-optimum development strategy in William Alfred Pareto's sense. How this will be done: by expanding manufacturing sector base, so that additional demand for labor can be met by shifting people from agriculture to manufacturing and raising *autonomous investment* in agricultural sector. The Services boom will become automatic. At last, GDP will hug EMP from left side and both will be in cozy - sleep. The ultimate end where each economy want to move. But when GDP hugs EMP it implies about the maternal strength i.e., its expansion capacity for further absorption of its labor force by intensification and multiplication of its growth prone tertiary sector irrespective of their existence.



Source: Wikipedea

Figure 8

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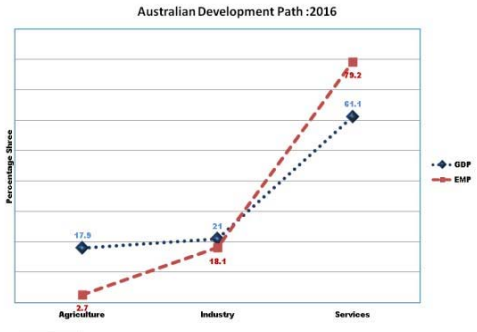
Source: Wikipedea

Figure 9



Source: Wikipedea

Figure10

As far as India (Figure: 9) is concerned its industrial sector has reached to its optimum while all other sectors are in transition. Because, India has followed Soviet model of development till 80's that was focused on building a strong industrial and military base to make India self -reliant in coming decades. This public-sector led growth unduly inflated the cost-structure of the economy of India due to long-gestation period. Inflated economy and stringent labor laws further aggravated the problem of unemployment in the coming periods: rising trade deficit, high tariffs, double-digit inflation all led to steep devaluation of Indian currency; Indian foreign exchange-reserves fallen to meet only two and half months import bill: this led Indian economy to pledge its gold reserves to international monetary fund for monetary aid in 1991. IMF imposed conditional aid to overhaul the economy, i.e. switch over to private sector from public sector, liberalize the economy, reduce tariff rates, slash the items reserved only for production in public sector etc. Second wave of economic reforms led to financial liberalization and opened sectors for foreign investment with certain limits. These measures led to GDP growth up-to 5 to 6 percent from earlier 3.5 percent growth. This success on GDP front induced our planners to move on this path and Indian economy moved on export-led growth model. Export- led growth model increased wages of existent laborers and within this structure advent of foreign-capital increased industrial capital : output ratio. External linkage of Indian economy increased and internal weakened due to falling agricultural share and overmanned farming . Industrial sector reached to near saturation in terms of GDP and absorption capacity. From the year 2002 service sector started gaining momentum particularly software industry due to the striking salary differences between developed countries and India. Irrespective of the inward or outward looking strategies of development: focus remained only upon industrial development so that due to higher productivity advantage people can shift from agriculture and further to services from manufacturing for the same reason. But it could not happen; due to lop- sided investment strategy. Lack of quality investment in community services (direct services education) not only hampering the qualitative growth and diversification of services like information technology, administrative -services, higher-education, railways, financial, medical except personal services and entertainment; but also putting a downward pressure on the existing ones. Thus, excess population from agriculture can find its way only in personal home care, local transportation, construction-services, sales-person in the shops etc., which are low profile un-organized jobs including information technology enabled services a little bit ahead. This movement from extremely low paid work to semi low paid work: albeit, will equalize the factor prices and GDP: EMP curve will co-inside internally·

Figure:10 depicts Australia's growth strategy which is same with regard to manufacturing sector while reverse that of agricultural and services sector. Its service sector is overmanned while that of India's it is agricultural sector. These economies can be rated as complimentary economies. If it looks impossible shifting factors of production from one sector to another within the economic system then it can be thought out to merge two economies having same characteristics from the point of view of factor endowments in one sector to another. For example; surplus agricultural labor in India can find its way in Australian agricultural sector and vice-versa in services. Specialization in production leads to enhance export earnings and maximizes production; but, if mobilization of laborers from one economy to another within the same sector could happen it would maximize not only production but also employment: because structural rigidities are sharper acquiring the other skill sets for moving across sectors are shaper than moving across the economies within the same sector.

But looking closely at the optimum strategy of development so far: the distribution of population among sectors should be in the ratio of 1 : 4 : (1:4)[4] because services sector has to serve both. Transition from primary to secondary sector would be at diminishing rate while from manufacturing to services at increasing,

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i.e. slope of the line of first part will be less steep than that of second part . Standard deviation between two slopes will exhibit the comfort and effort level (welfare) of each economy.

So even if separately each economy's GDP and EMP curves get co-inside still price differences will prevail among the economies in the long run even after partial specialization. So looking on strategic part of the Heckscher-Ohlin factor price equalization theorem which could not pay enough attention to the efficiency part of entire workforce *whether ruling* or serving. Because in humanities this is not the economic rather iconic size which is a major determinant.

GDP Composition of Sample Economies (Figure: 11-14) & (Figure: 14-18)

Fig.: 11

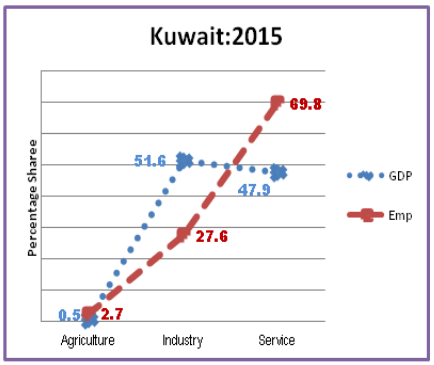


Fig.:12

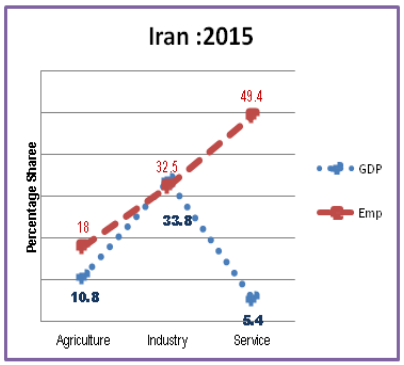


Fig.:13

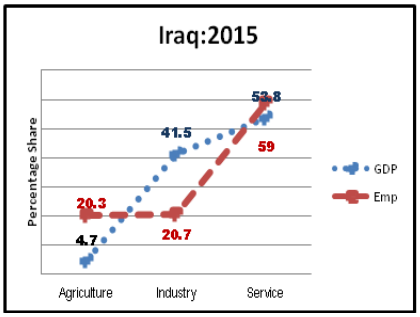


Fig.:14

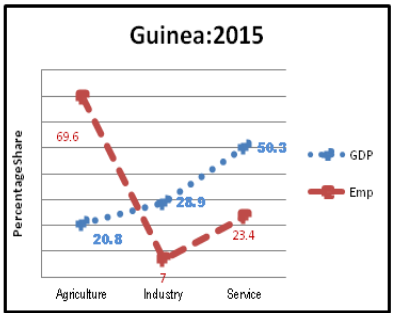


Fig.: 15

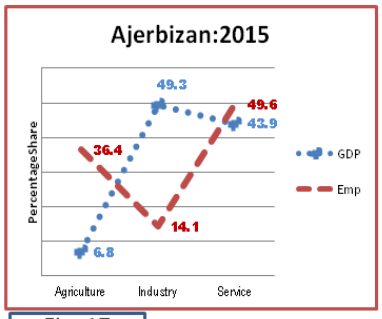


Fig.:16

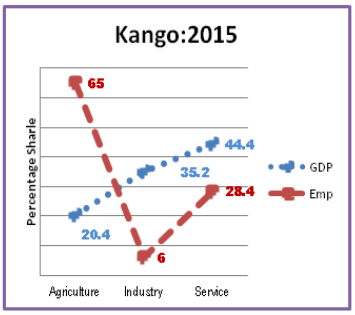


Fig.:17

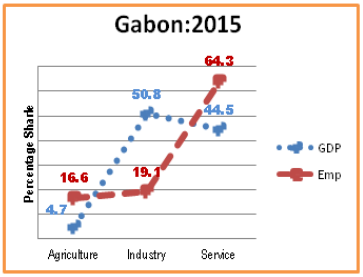
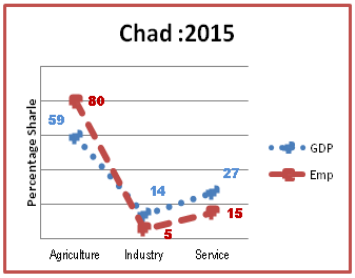


Fig.:18



Source: Wikipedea

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These economies can never reach to the equilibrium given their resource endowments. People in such economies can't find gainful employment unless they indulge in international trade. *As has been predicted by Hacksher -Ohlin this lop-sided abundance in one raw material will force them to acquire near full specialization which will distort conditions necessary for factor -price equalization in the economies.*

Table 1: Major Economic Parameters of above Economies

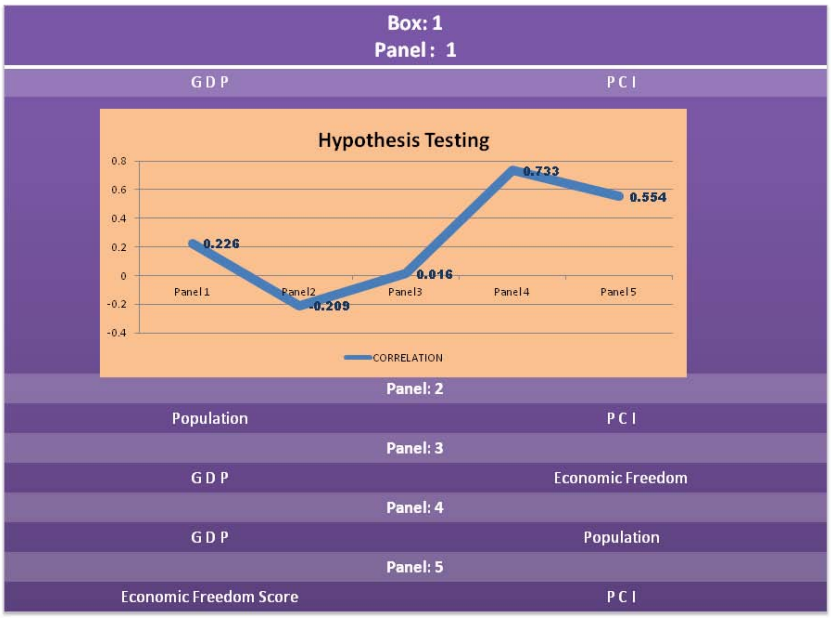
World's Leading Economies (2018)							
	Million Population	Trillion GDP	% Unemployment	% Growth rate	% (CPI) Inflation	Per Capita Income(PPP)	Economic Freedom Score
China	1400	$21.30	4.6	7.3	2	$15,399	57.8
USA	323.3	$18.60	4.9	2.1	1.3	$57,436	75.7
India	1300	$8.7	3.5	6.8	4.9	$ 6616	54.5
Japan	126.9	$5.20	3	1	-0.1	$41,275	72.3
Germany	82.7	$4.00	4.3	1.2	0.4	$48,111	72.4
Russia	143.4	$3.80	5.7	0.5	7	$26,490	58.2
U K	65.6	$2.80	4.8	2.1	0.6	$42,481	78
France	64.6	$2.70	10	1.2	0.3	$42,314	63.9
Italy	60.7	$2.20	11.5	- 0.6	- 0.1	$36,833	62.5
Iran	80.5	$1.50	11.3	0.1	8.9	$18,077	50.9
Australia	24.3	$ 1.2	5.7	2.7	1.3	$48,899	80.9
		Billion					
Iraq	36.1	$647.20	16	7.4	0.4	$17,944	N.A.
Kuwait	4.2	$303.7	2.4	2.7	3.2	$71,887	62.2
Azerbaijan	9.5	$165.50	5.1	1.6	12.4	$17,439	64.3
DRC	84	$65	3.6	6.9	22.4	&773	52.1
Gabon	1.9	$35.90	18.5	4.3	2.1	$19,056	58
Chad	11.9	$20.90	5.8	3.4	- 1.1	$2,445	49.3
Guinea	12.7	$16.00	6.8	2.2	8.2	$1,265	52.2

Source: The Heritage Foundation | heritage.org/Index (2018)

After scrutinizing the above parameters (Table:1) certain hypotheses were tested:

Ho1: Panel 1; Ho2: Panel 2; Ho3: Panel 3; Ho4: Panel 4; Ho5 : Panel 5.

As has been portrayed in the Box: 1 (given below); except Panel 2, i.e. population and per capita income all parameters showing positive relationship :-



Box 1

On this basis every economy seems doing their best and Goldman Sachs forecasts about Indian economy to overtake other advanced economies have come true; barring USA and China. But when the aim is to maximize the welfare of our citizens it is PCI: however skewed it is ; which reflects the truth. Gabon which is a smallest country has its PCI near to China's which is the most populous country; i.e. $ 19056

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in the world (See Table 1). So the welfare level of people of China and Gabon is same irrespective of their GDP. On the other hand India' s GDP is in Trillion Dollar and ranks third after China and U.S but in terms of PCI which is the barometer of Economy's and it's people's health it stands third from below in the given sample, i.e. just after Guinea and Chad . So there is no correlation between GDP and PCI: as well as between population and PCI. China with highest Populationhas PCI greater than India's which is slightly behind in terms of population. So it can be concluded that it is neither population nor GDP which determines the level of welfare of its people rather it is the efficiency of the factors of production (mainly labor) and the resource endowments that matters most. Quwait which is a billion dollar economy and population of mere 40 lacs has the highest PCI in the sample (18 countries out of 186 and at least one from each continent).

IV. Conclusion

Since *PCI =f (Age, Knowledge, Topology, Management and Economic Freedom)----Positively related with all the factors*

GDP= f (Land, Labor, Capital, Entrepreneurship and Managerial Efficiency)-- Positively related with all the factors

Population = f (Marriage Age, Fertility rate, Death rate, Urbanization and Social Freedom)--Negative relation except fertility rate.

So neither GDP nor PCI is the barometer of economic health rather its co-union of EMP and GDP as renowned economist Heckscher- Ohlin indicated in his theorem. For the economies which are suffering from unemployment problem: a combination of raising the economic freedom, managerial efficiency and either marriage age or social freedom ought to be followed.

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Appendices

Table Share of Employment by Economic Activity(%) Developed conntries & Emerging Economies in 2002

Country	Agriculture	Industry	Services
U.S.A.	2	22	76
U.K.	1.5	23.5	75
Japan	5	29	65
France	2.5	23.5	75
Italy	5.5	29.5	65
China	49.8	23.5	26.7
Pakistan	58.7	14.5	27
India	57	21	22

Source: World Development Indicators (WDI), 2005 pp 56-58

2.Download the link (A Brief Description of Sample Economies)

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Effects of Interest Rate Deregulation on Agricultural Financing in Nigeria from (1970 to 2014)

By Ugwuoke Chukwuchebe Obiajulu, Ume Chukwuma Otum & Ihedioha Nice Nneoma

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Abstract- The study of effects of interest rate deregulation on agricultural financing in Nigeria (1970-2014). The study also specifically examined the trend in the rate of interest, volume of credit to agricultural sector and agricultural GDP contribution under the period (1970-2014). The study employed descriptive/trend statistics, ordinary least square regression and correlation analysis to achieve its results. Secondary data used for the study were computed from CBN Statistical bulletin 2014. The results show that interest rate has a strong influence in the volume of credit to the agricultural sector and it also has weak influence on the agricultural GDP contribution. It was also observed that interest rate has been fluctuating under the period (1970-2014) that have resulted to low productivity, and unemployment in agricultural sector but makes the financial institutions to be willing to disburse credit to the public. The agricultural GDP contribution has a downward and upward trend during the period which is as a result of the neglect of the government based on the discovery of oil and lastly there was an upward trend in the volume of credit to the agricultural sector, which means funds were sent to the sector by government but because of bureaucratic processes most farmers are unable to access it.

Keywords: *deregulation, GDP, interest rate, agricultural finance, credit.*

GJHSS-E Classification: *FOR Code: 149999*



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Keywords: deregulation, GDP, interest rate, agricultural finance, credit.

I. Introduction

Interest rates affect the level of consumption on the one hand and of the level and pattern of investment on the other hand. They are crucial in financial intermediation which involves transferring funds from surplus units to deficit units in the economy (CBN, 2014). In general, interest rates are useful in gauging financial market conditions and they are major tools of monetary policy.

Deregulation in interest rate has really affected the rate or level of agricultural financing. The interest rate is the price of capital, which reflects its productivity in increasing output. The interest rate should be at the competition level. When it is fixed below the market - clearing rate, only a few privileged borrowers gain access to cheap, often rational credit. When this problem is compounded by high inflation, interest rate becomes negative in real terms, which hampers savings, mobilization and investment.

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A major objective of the deregulation exercise in the Nigerian Financial system in the second half of the 1980's was to increase savings for investment and economic growth. But despite this effort, economic growth is still in the doldrums. The deregulation exercise has been met with mixed feelings in Nigeria. While some believe it would enhance economic performance in Nigeria, others have contrary opinion. Nwankwo (1989) believes that interest rate deregulation will definitely lead to more efficient allocation of financial market resources. It is position in line with the arguments of Onu (1993) and Shaw (1973).

Abiodun (1988), on the other hand holds that deregulation of interest rate is like a double – edged sword, which either stimulates or mars the economy. He asserted that the deregulation of interest rate will lead to an increase in interest rate which will increase savings. However, he opined that high cost of borrowing might bring about cost – push inflation as borrowers of fund will push the high cost of borrowing to the customer by pushing up prices. Ojo (1988) and Ani (1988) are both of the opinion that interest rate deregulation would mar the Nigerian economy. In their separate papers, they flawed the deregulation exercise, claiming it would discourage investment and enhance economic growth, by pushing up interest rates. Ojo and Ani's position are supported by Okopi (2008) and Sanusi (2002) who all pointed out the low positive impact of deposit rate on economic growth after interest rate liberalization in Nigeria. These contrary opinions about the effectiveness of the deregulation exercise in Nigeria raises the issue of the effectiveness of the deregulation exercise. There is therefore the need for a comprehensive evaluation of the role of interest rate deregulation in agricultural financing in Nigeria. It is against this backdrop that this research work sought to evaluate its effect. The need for the study is highly justified taking into notice its importance to farmers, students, researchers, professionals, teachers of economics, accounting, agricultural economics, Nigeria Government, World Bank, IMF and F.A.O. generally.

The study would provide means of empirical testing and validation of theories behind the financial indicators in agricultural credit demand. The study will improve our understanding of core issues and constraints to advice government and other bodies in

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the financial management to achieve agricultural growth and development. Information obtained from the study will help in providing useful methodological guidelines for increasing the consumption and in predicting future credit demand for agricultural investment. It will provide material for improving the human resources through the better quality of teaching of students in Agricultural economics.

The main objective of the study is to examine the effects of interest rate deregulation on agricultural financing in Nigeria.

i. The specific objectives of the study are to:
ii. Describe the trend in volume of credit to the agricultural sector over the period
iii. Describe the trend in agricultural GDP contribution over the period
iv. Describe the trend in interest rate over the period
v. Analyze the relationship between interest rate and volume of credit to the agricultural sector; and

a) Research Hypothesis

i. Interest rate deregulation has no effect on volume of credit to the agricultural sector.
ii. Interest rate deregulation has no effect on agricultural GDP contribution.

II. Research Methodology

a) Data Collection

Data were collected for the study from secondary sources. Data on the trend of interest rate, aggregate loans to agricultural sector and Gross domestic products were collected from the Central Bank of Nigeria (CBN) statistical bulletin 2014 edition

b) Method of Analysis

The study made use of descriptive/trend statistics to achieve objectives 1, 2 and 3 and made use of the ordinary test square regression analysis to achieve objectives 4 while correlation analysis was used to achieve objectives 5

The major findings that would be analyzed in this study is to ascertain the effect of interest rate deregulation on agricultural financing in Nigeria. To analyze these findings interest (lending rate), volume of credit to agricultural sector and gross domestic product would be used.

If the regression coefficient is positive and the calculated t-value is less than the tabulated value, it is an indication that there is a significant relationship between the dependent and independent variables. The coefficient of determination (R2) was used to measure the rate at which the dependent variables are explained by the independent variables.

c) Model Specification

This study used volume of credit to agricultural sector as the dependent variable while interest rate is used as independent variable. The model is therefore specified thus:

Simple linear model

$$VCAS = B_o + B_1 IR + \mu$$

Where

VCAS = Volume of Credit to to agricultural sector.

B_o = Intercept.

B_1 = Parameter estimate of interest rate.

IR = Interest rate.

μ = Error term or Stochastic term.

The study also used correlation matrix to describe the relationship between interest rate and agricultural contribution to GDP (AGDP).

III. Result and Discussion

a) Trend in Interest Rate over the Period (1970-2014)

The Trend in interest rate is conceptualized by the swings in Interest Rates over time, from 1970 to 2014. Below is the chart, presenting the swings in the level of interest rate in Nigeria.

Table 1: Trend in the Rate of Interest from (1970 to 2014)

Year	Interest Rate
1970	8
1971	10
1972	10
1973	10
1974	10
1975	9
1976	10
1977	6
1978	11
1979	11
1980	9.5
1981	10
1982	11.75
1983	11.5
1984	13
1985	11.75

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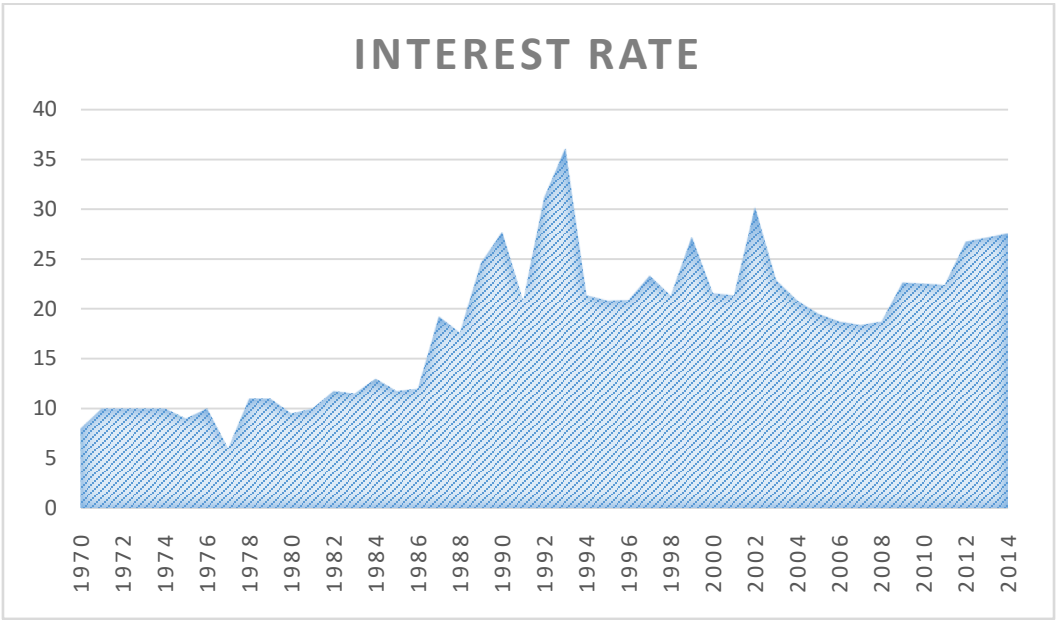
1986	12
1987	19.2
1988	17.6
1989	24.6
1990	27.7
1991	20.8
1992	31.2
1993	36.09
1994	21.36
1995	20.79
1996	20.86
1997	23.31
1998	21.32
1999	27.19
2000	21.55
2001	21.34
2002	30.19
2003	22.88
2004	20.82
2005	19.49
2006	18.7
2007	18.36
2008	18.7
2009	22.62
2010	22.51
2011	22.39
2012	26.73
2013	27.15
2014	27.57

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2014



Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2014

Figure 1: Graph Showing the Trend in Interest Rate from 1970 To 2014

Taking a critical look at figure 1 above, it was observed that the highest interest rate regime occurs in 1993 which was 36.09% as a result of high demand for loans and inflation which stimulated lenders to seek for compensation for the decrease in purchasing power of the money they will be repaid in future. It reduced in 1994(21.36%) to 2001(21.34) though subject to change as a result of Central Bank of Nigeria (CBN) intervention on monetary policy. The elimination of weekly tender on treasury bills and the Minimum Rediscount Rate (MRR)

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was used to achieve this. Interest rate was lowest in 1977 as there was need to encourage people to invest for economic development.

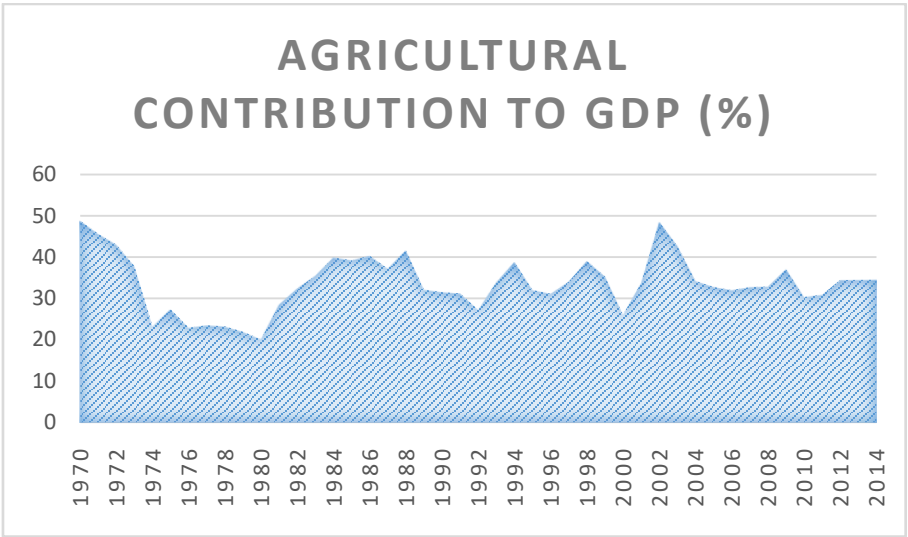
b) Trend in GDP over the Period (1970-2014)

Examining the graph above, it is observed that the highest agricultural-GDP contribution was in 1970 which is about 49% of the economies' GDP. The role of agriculture in the economy has been on the downward trend especially in the contribution to Gross Domestic Products (GDP). It shares in GDP fell from 48.8% in 1970 to 23.4% in 1974 due to discovery of oil and export of crude which lead to the neglect of the sector.

Table 2

Year	Agric. Gdp (%)
1970	48.8
1971	45.61
1972	43.03
1973	37.79
1974	23.2
1975	27.34
1976	22.9
1977	23.48
1978	23.2
1979	21.9
1980	20.1
1981	28.5
1982	32.4
1983	35.47
1984	39.9
1985	39.20
1986	40.30
1987	37.20
1988	41.60
1989	32.10
1990	31.50
1991	31.20
1992	27.20
1993	33.90
1994	38.80
1995	32.00
1996	31.13
1997	34.03
1998	39.04
1999	35.30
2000	26.03
2001	33.70
2002	48.50
2003	42.70
2004	34.21
2005	32.75
2006	31.99
2007	32.71
2008	32.85
2009	37.05
2010	30.33
2011	30.87
2012	34.43
2013	34.46
2014	34.5

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2014.



Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2014.

Figure 2: The Trend of Agricultural Contribution to Nigeria GDP

It is important to note that there was a micro increase in 1975 (27.34%) compare to 23.4% in 1974 and it was as a result of the establishment of National Accelerated Food Production Project (NAFPP) in 1973 which aim was to boost food production of six major crop namely rice, millet sorghum, maize, wheat and cassava. But due to sustainability problem the project was bedevilled by inadequate commitment by some states, inadequate publicity and poor infrastructural facilities which lead to a drastic decline from 1976 to 1980.

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In 1980 due to Government policies and programs in the sector, there was an increase that continued up to 2014 although this favourable change has not been steady.

IV. Trend of the volume of Credit to Agricultural Sector over the Period (1970-2014)

Table 3: Trend in Volume of Credit to Agricultural Sector over the Period (1970-2014)

Year	Volume Of Credit To Agric. Sector (Log)
1970	0.85
1971	0.97
1972	1.28
1973	1.33
1974	1.43
1975	1.57
1976	1.90
1977	2.14
1978	2.36
1979	2.52
1980	2.66
1981	2.77
1982	2.90
1983	2.97
1984	3.02
1985	3.12
1986	3.26
1987	3.39
1988	3.49
1989	3.54
1990	3.63
1991	3.70
1992	3.84
1993	4.03
1994	4.25
1995	4.40
1996	4.52
1997	4.45
1998	4.43
1999	4.49
2000	4.61
2001	4.75
2002	4.78
2003	4.79
2004	4.83
2005	4.69
2006	4.69
2007	5.17
2008	5.03
2009	5.65
2010	5.77
2011	5.90
2012	5.93
2013	6.04
2014	6.15

Source: Central Bank of Nigeria (CBN) Statistical Bulletin 2014

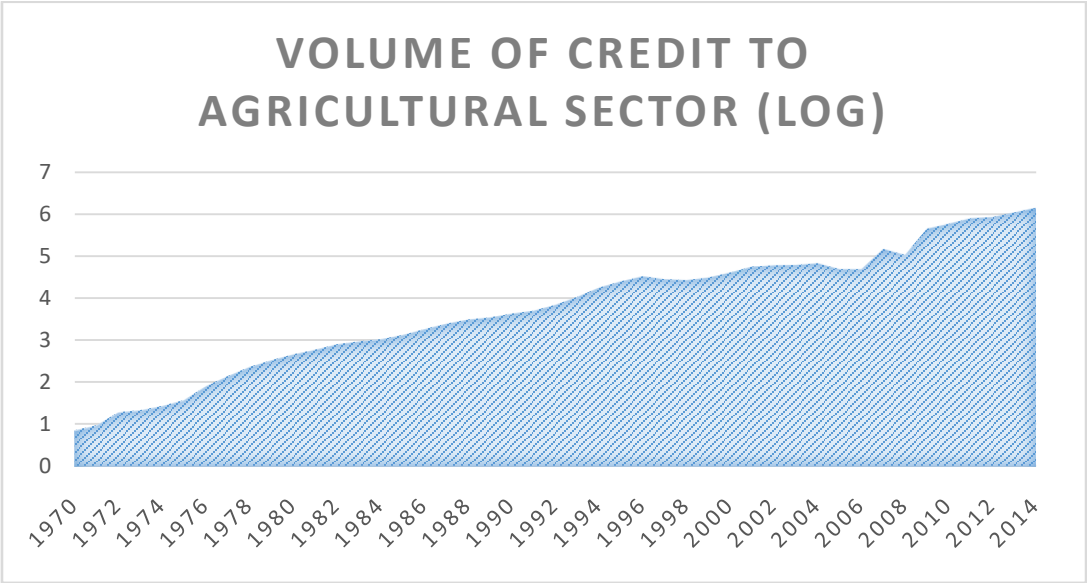

Figure 4. 3: Volume of Credit to the Agricultural Sector

It is obvious that the volume of credit to the Agricultural sector has been increasing over time, as shown in the graph above as a result of introduction of Agricultural Credit Guarantee Scheme (ACGS) in 1977 by the Central Bank of Nigeria (CBN) to guarantee credit disbursement by commercial banks to the sector.

Also in 1994, the CBN increased its default rate payment on credits to the agricultural sector as guaranteed by Agricultural Credit Guarantee Scheme.

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V. Relationship between Interest Rate and Volume of Credit to Agricultural sector

Using a semi-log (Log-ln Model) regression analytical technique and estimating the log-ln model using the Ordinary Least Square (OLS) methodology, the nature of the relationship that exists between the Volume of Credit to the Agricultural sector (VCAS) and interest rate (R) is shown in the table below:

Table 4.1.1: Ordinary least square result of the log-in model

Variables	Coefficient	SE	t-Stat	P value
Intercept	-0.9294106	0.3855722	2.41	0.000
Interest rate (R)	0.1524634	0.0195016	7.82	0.020

$R^2 = 58.7\%$, Adusted $R^2 = 57.7\%$ Prob > F = 0.000

The result above shows the impact of interest rate on the volume of credit from the supply aspect. The relationship is significant. At high interest rate, the financial institutions are willing to disburse loans to the farmers as they aim to make profits from disbursement of such loans. A unit change in the level of interest rate will lead to approximately 0.15-unit change in the level of volume of credit to the agricultural sector. The regression coefficient of determination obtained (R^2 = 0.59) depicts that 59% of the total variation in volume of credit to agricultural sector is explained by variations in interest rates. The remaining 41 percent unexplained during the period deregulation regime was due to the random variable (u). This however goes to show that the two variables are reasonably related.

The t-value of 7.82 compared with the t-tabulated at 5% level of significance and at a degree of freedom of 44, shows that interest rate is significant in determining the level of credit volume to the Agricultural sector in Nigeria. Therefore, we accept the null hypothesis h_o; and reject the alternative (h_A). On the other hand, an increase in interest rate will result in low demand for credit by farmers, while a decrease in interest rate will encourage farmers to access loans. The implication of high interest rate will result to low profitability and productivity of farms and agro-business, discourage investment and decrease farmland values. This will also affect business and the level of investments in the agricultural sector which involves spending on land, buildings, machinery equipment. However, the following are the downsides of a high interest rate on the economy as it trickles down from the agricultural sector. Various economic changes, such as change in the prospects for long term economic growth and inflation, Flexible Changes in federal government policy, and Crisis in the international financial markets.

VI. Conclusion and Recommendation

The study was conducted to determine the effects of interest rate deregulation on agricultural financing in Nigeria (1970-2014). This research was carried out due to the persistent fluctuation in interest rate which makes it difficult for farmers to acquire or apply for agricultural credits and also to know how it has affected the volume of credit to agricultural sector during the periods under review and the agriculture contribution to the gross domestic product in Nigeria. The change in interest rate over the periods under review have a strong influence or effect on the volume of credit to agricultural sector (on the supply side) and a weak effect on agricultural GDP contribution. The findings showed a fluctuation in the rate of interest rate over the years which have resulted in the following;

a) Low productivity
b) Unemployment in agricultural sector
c) Reduction of profitability of farms and agribusiness
d) Discourage business investment
e) Based on the empirical result of the study, the following policy recommendations are made towards ameliorating the identified problems.

1. Interest rate in the agricultural sector should be kept at a benchmark in order to increase productivity, create employment and encourage business investment in the sector.
2. Government programs and policy in agricultural sector should be sustained from one government to another.
3. The authorities also should put in place the thrust policy that will reduce the rate of inflation in Nigeria.
4. Government should use necessary incentives to lure more foreign direct investments to agricultural sector.
5. Government through the financial institution should implement policies that would enhance availability and accessibility to credit in the sector.
6. Agricultural projects meant to boost productivity failed due to poor monitoring and evaluation, efforts should be made to properly supervise these projects.

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Understanding Food Expenditure Systems among Households in Nigeria: A Case Study of Nsukka Area, Enugu State

By Ihedioha Nice Nneoma, Dr. Onyekuru Anthony NwaJesus, Ugwuoke Chukwuchebe Obiajulu & Ume Chukwuma Otum

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Abstract- A pragmatic understanding of demand response to prices, total expenditures, and other economic factors is quite important for developing sound policy, especially when the policy is precisely related to food consumption. The study therefore, focused on the analysis of food expenditure systems among households in Nsukka LGA, Enugu State, Nigeria. This was achieved by describing the socio-economic characteristics of the households, describing the expenditure share of each food consumed by the households, describing the subsistence share of each food consumed by the households and determining the effects of the socio-economic characteristics on household food expenditure. Data were collected mainly from primary sources using well-structured questionnaires and personal interview methods. Seventy-eight respondents were randomly selected using multistage sampling technique. the study shows that at 1% probability level, household income had positive and significant influence on food expenditure. Subsistence share of food had a negative and significant influence on household food expenditure at 1% probability level. Therefore, it was recommended that households should be encouraged to have farms to help them reduce the amount spent on purchasing food items.

Keywords: household expenditure, subsistence share, consumption pattern, food expenditure, food systems.

GJHSS-E Classification: FOR Code: 140299



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I. Introduction

The country faces an impending food security catastrophe with a rising population that is increasingly reliant on imported foods. In order to monitor improvement towards hunger annihilation in a sustainable manner, as proposed in the Sustainable Development Goals, there is a need for indicators that identify who is food insecure and provide adequate related information (Ike, Jacobs, & Kelly, 2015). The once center subsistence-oriented farm economy is at risk of gradual relegation. This has resulted in a decrease in the amounts of foods consumed and/or the substitution of higher priced foods for less expensive foods which are often less nourishing. Insecure land tenure, insufficiency of funds and credit, labour scarcity despite global high unemployment and stagnant technology have crippled its further growth. The problem of economic downturn has affected food consumption severely through increase in food price and reduction in real wage, therefore, there is need to scrutinize food security. Over an extended period, such changes may have undesirable significances on nutrition, both through the quantity of foods consumed for maintaining energy balance as well as for the quality of foods consumed for maintaining sufficient intakes of proteins, fats and micronutrients such as vitamins, minerals and trace elements (Thompson, 2014). From the above viewpoints, it can be implied that food crisis can arise when at a point in time it is no longer possible for people to have access to food or even have the capacity to purchase it. Currently, the situation seems to be the case in Nigeria and somewhere else in Africa (Eme, Onyishi, Uche, & Uche, 2014). Also, how households' food purchasing behavior respond is of strong curiosity both because food is a large share of households' total spending and because changes in food purchasing behavior can have important implications for diet.

Researchers like Olorunfemi (2011), Donkoh et al., (2014), and Babalola and Isitor (2014) worked on the economic analysis of household food demand, food expenditure and its effects on welfare and determinants of food expenditure in Lagos state, Nigeria. In their study, they identified the determinants of food expenditure among urban households in Lagos Mainland Local Government Area of Lagos State, Nigeria. Olorunfemi (2011) worked on the economic analysis of household food demand in Southwestern Nigeria, examining the household food demand in south-west. Donkoh et al. (2014) in their work on food expenditure and household welfare in Ghana, investigated the determinants of household food expenditure and its effects on welfare. Little or nothing has been done on analyzing food expenditure systems in Nigeria and particularly in this study area. This study will be used to fill the gap in the research works mentioned above such as Olorunfemi (2011), Donkoh et al., (2014), and Babalola and Isitor (2014) who worked on the economic analysis of household food demand in Ghana, and food expenditure and its effects on welfare and determinants of food expenditure in Lagos state, Nigeria respectively.

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A pragmatic understanding of demand response to prices, total expenditures, and other economic factors is quite important for developing sound policy, especially when the policy is precisely related to food consumption. Such policies and the method of conscripting them can benefit from this study for the purpose of enhancing economic growth (Ojonta, 2012). Therefore, the findings from this study would be very informative to specific policies that are meant to discourse disparity. The findings of this study would be ingenious for policy formulation towards assuaging poverty among household groups in Nigeria; for the study will support policy makers working towards sustainable development in Nigeria in the process of trying to recognize the variables affecting household consumption expenditure.

Apart from this study being useful to policy making, the following are other possible beneficiaries from the findings of this study: Non-Governmental Organizations (NGO) can use the findings of this study as a foundation for conducting sponsorship on the promotion of good health of the poor and the needy through providing health care for household. Some of the NGOs like Lift Above Poverty (LAPO), Grassroots Empowerment Network (GEN), and Total Health Organization (THO) may find the outcomes of this study to be of much direct significance. Therefore, the study will be guided with the following research questions:

What is the expenditure share of household food?
What is the expenditure share of each food class consumed the households?
What is the subsistence share of household food?
What are the effects of socio-economic characteristics on household food expenditure?

The broad objective of the study is to determine the level of household food consumption and expenditure of various households in Nsukka LGA.

II. Methodology

a) Study Area

The study area is in Enugu state, Nigeria. Enugu State is in South-east Nigeria. It derived its name from the word "Enugwu" which means "top of the hill". Enugu is regarded as the oldest urban area in the Igbo speaking area of South-east of Nigeria. It is made up of 17 Local Government Areas (LGAs) (Enwelu et al, 2014).

According to the 2006 census, the state has a population of 3,275,298 people. Enugu has well drained soil and good climate, sitting at about 223m (732 feet) above the sea level (NPC, 2006). The mean temperature is between 20-300°C with lowest rainfall of about 0.16 cubic centimeters (Enwelu et al, 2014). Economically, the state is predominantly rural and agrarian. Small proportion of the population is engaged in manufacturing activities and these people are mostly located in Enugu, Oji River and Nsukka (Enwelu et al, 2014).

Enugu North Agricultural Zone is made up of seven Local Government Areas, namely Nsukka, Igbo-Eze South and North, Udenu, Igbo-Etiti, Uzo-Uwani and Isi-Uzo Local Government Areas, with about seventy communities that spread over hills and valleys. It is sandwiched between the Benue river valley and Kogi State on the southern fringes of the former northern Nigeria, and also between Udi hills and Anambra State on the northern borders (NALT-NUSHO, 2005). Enugu north Agricultural zone is situated on gentle slope with hills and valleys and located between latitudes 7° 21° S and 7° 36° East and longitudes 6° 45° W and 7° North (Ezike, 1998). It has total population of 1,117,570 out of 3,257,298 of the total population of Enugu State (NPC, 2006). Rainfall distribution is between 168mm – 1700mm. The area has tropical climates marked by two seasons. The vegetation is of derived savannah and people in this area are predominantly farmers; farming constitutes their economic activities.

b) Sampling techniques procedures

The respondents for the study constituted the household in selected communities of the study area. A multistage sampling technique was used in selecting respondents for the study. First, eight (8) towns (four urban and four rural) was randomly selected from the local government area. Secondly, ten respondents were selected from each town which made it a total of eighty (80) respondents for the study.

c) Data Collection

Data for this study were obtained from primary sources. The primary data was obtained using structured questionnaires as a guide for interviewing respondents in the study area. Also, observations were used to complement the data collected. The data was focused on such information as the socio-economic characteristics of household consumers, the amount of food consumed and, classes of food, main source of (subsistence or purchase), food expenditure.

d) Data Analysis

Descriptive and inferential statistics such as percentages, frequency distribution and multiple regression analysis was used to achieve these objectives.

Objective (i), (ii), and (iii) was achieved using descriptive statistics such as percentage and frequency distribution. The distributions described the socio-economic characteristics of the household consumers, described the expenditure share of each food, and described the subsistence share of food consumed by the households.

Objective (iv) was achieved using multiple regression analysis.

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e) Model Specification

Multiple regression was used to determine the variables that have effects on household food expenditure, which is given as:

$$C = f(X_1, X_2, X_3, X_4, X_5, X_6, X_7, e)$$

Where;
C = household food expenditure (in naira)
X_1 = Household size (number of persons)
X_2= Gender of household head (male = 1, Female = 0)
X_3 = Age of household head
X_4= household income (in Naira)
X_5 = Subsistence share (yes= 1, no=0)
X_6 = Level of education (higher education = 1, lower education = 0)
X_7 = Primary occupation of Household head (Farmer = 1, Others = 0)
e = error intercept

III. Result and Discussion

a) Socio-Economic Characteristics of the Respondents

Studying the socio-economic characteristics of the households are important when considering the household food expenditure decision making. The socio-economic variables considered in this study are the age of the respondents, sex, marital status, level of education, religion, number of years spent in school, primary occupation, secondary occupation, religion, household size, household income per month, household food expenditure per month and the total household expenditure per month.

Table 3.1: Distribution of Respondents According to their Socio-economic Characteristics

Variables	Frequency	Percentage (%)
Gender of Respondents		
Male	49	62.0
Female	30	38.0
Age of Respondents		
Below 30	12	15
30 - 50	42	54
51 – 70	21	27.1
Above 70	3	3.9
Marital Status of Respondents		
Married	55	70.5
Single	13	16.7
widow	9	11.5
divorced	1	1.3
Educational Level of Respondents		
None	6	7.7
Primary	5	6.4
Secondary	29	37.2
Tertiary	38	48.7
Number of Years Spent in school		
0-5	6	7.7
6-10	13	16.6
11-15	25	32
>16	34	43.6
Primary Occupation of Respondents		
Civil servant	3	3.8
Trader	17	21.8
Farmer	50	64.1
Artisan	6	7.7
Others e.g. Teacher, etc.	2	2.6
Household Size of Respondents		
1-5	34	43.7
6-10	44	56.5

Source: Field Survey, 2018

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Table 3.1 shows that the majority (62.0%) of the respondents were males and 38% of the respondents were female. This finding shows that the household heads are mostly males.

The table shows that most of the respondents (54%), fall within the age range of 30-50 years, (27.1) falls within 51-70, (15%) and (3.9%) are < 30years and > 70years respectively. This implies that the respondents are in their active years. This findings prove that most households heads falls within the age range of 30-50years (Babalola & Isitor, 2014).

In terms of their marital status, the table shows that (70.5%) of the respondents were married, (16.7%) were single, (11.5%) were widowed and (1.3%) were divorced. This implies that majority of the respondents were married and are therefore, expected to be able to face the responsibilities of taking care of the consumption needs of their family.

Table 3.1 shows that only 7.7% of the respondents had no formal education, 6.4% had primary education, 37.2% had secondary education and 48.7% had tertiary education. This implies that most of the respondents were literate and can manage the food expenditure of their household.

Table 3.1 shows that majority (43.6%) of the respondents spent above 16years in school, 32% spent 11-15years, 16.6% spent 6-10 years and 7.7% spent 0-5 years in school. This implies that majority of the respondents went to higher institutions. Therefore, the respondents are literate.

Table 3.1 shows that most of the respondents (43.6%) in the study area were primarily farmers, 23.1% were civil servants, 23.1% were traders, 6.4% were artisans and 3.8% engage in other occupations. The implication of this finding is that the primary major occupation in the study area was farming.

The table further reveals that majority of the respondents (56.5%) have a family size of 6-10 individuals while, the minority (43.7%) have a family size of 1-5 individuals. This finding corresponds with the work of Iorlamen (2014) that the size of the household will influence the food expenditure of the household. The implication is that the food expenditure of the majority (56.5%) should be more than that of the minority (43.7%). This finding also goes in line with the research that the size of the household is a major social unit through which most people access their food (Ike et al., 2015). This is because a small family with mostly little children have only the parents providing food for the family; but in a family that is dominated mainly by adults will have easy access to food.

b) Expenditure Share of each Food Consumed by the Households

Expenditure share of food refers to amount of money spent in purchasing food stuffs within a particular period. Under this, data for household income, household food expenditure per month and household total expenditure collected from the households.

Table 3.2: Distribution of Respondents According to their Expenditure Share of Food

Expenditure (₦)	Frequency	Percentage (%)	Mean
Household Income			**55320.5128**
7000 – 20000	8	10.3	
21000 – 40000	24	30.8	
41000 – 60000	19	24.4	
61000 – 80000	14	17.9	
81000 – 100000	5	6.4	
100000 – 170000	8	10.3	
Household Total Expenditure			**64487.1795**
25000 – 50000	24	30.8	
51000 – 70000	34	43.6	
71000 – 100000	20	25.6	
Household Food Expenditure			**37358.9744**
15000 – 30000	18	23.1	
32000 – 50000	54	69.2	
52000 – 88000	6	7.7	

Source: Field Survey, 2018

Table 3.2 shows the distribution of the respondents according to their household income, household food expenditure, household total expenditure and the various amounts at which they purchased each food item. Based on their monthly income, it shows that majority of the respondents (30.8%) earned within 21,000 – 40,000 naira per month while 24.4% earned 41,000 – 60,000 naira per month, 17.9% earned 61,000 – 80,000 naira per month, 10.3% earned 7,000 – 20,000 naira per month, 10.3% earned 100,000 – 170,000 naira per month and 6.4% earned 81,000 – 100,000 naira per month. This implies that

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majority of the respondents don't earn so much money, their monthly income is below ₦50,000 and this is poor (Aminu, Adebanjo, & Mohammed, 2016).

Result of the monthly food expenditure of the households (Table 3.2), shows that the majority (69.2%) spent between ₦32,000 – ₦50,000 on food while, 23.1% and 7.7% spent between ₦15,000 – ₦30,000 and ₦52,000 – ₦88,000 respectively on food.

The result presented table in 3.2 shows that based on the monthly total expenditure (i.e. food and non-food expenditure) of the respondents, the majority (43.7%) spent between ₦51,000 – ₦70,000 while 30.8% and 25.6% spent between ₦25,000 – ₦50,000 and ₦71,000 – ₦100,000 respectively. This implies that most households spent more money than they earn per month. This goes in line with the research that a good percentage of households are food insecure (Arene & Anyaeji, 2010).

Table 3.3: Distribution of Respondents According to their Weekly Expenditure Share on Food

Money Spent on Food Items weekly	Frequency	Percentage	Mean
Vegetables			403.8462
0 – 500	73	93.6	
600 – 2000	5	6.5	
Root and Tuber Crops			1839.7436
500 – 1500	25	32.1	
1600 – 2000	45	57.7	
2100 – 5000	8	10.3	
Fruits			529.4872
0 – 500	68	87.2	
600 – 2000	10	12.6	
Beverages			934.3590
200 – 500	27	34.6	
600 – 1000	38	48.8	
1500 – 5000	13	16.8	
Grains			2070.5128
600 – 2000	12	15.4	
2400 – 5000	66	84.6	
Meat			1211.5385
0 – 500	5	6.4	
700 – 1500	64	82.1	
2000 – 5000	9	11.6	
Milk			607.6923
200 – 500	64	82	
600 – 1000	10	12.9	
1500 – 3000	4	5.1	
Egg			507.6923
0 – 500	72	92.2	
600 – 2000	6	7.8	
Fish			1343.5892
300 – 1500	67	85.9	
2000 – 5000	11	14.1	

Source: Field Survey, 2018

Table 3.3 shows that based on the weekly visit of the respondents to the market, in purchasing vegetables, 93.6% and 6.5% spend between ₦0 - ₦500 and ₦ 600 - ₦2,000 respectively. In purchasing Root and Tuber Crops, the majority, 57.7% spend between ₦1,600 and ₦2,000 whereas, 32.1% and 10.3% spend between ₦500 – ₦1500 and ₦2100 – ₦5000 respectively. In purchasing Fruits, 87.2% spend between 0 – 500 naira while 6.5% spend between 600 – 2000 naira. In purchasing Beverages, the majority, 48.8% spend between 600 – 1000 naira while 34.6% and 16.8% spend between 200 – 500 naira and 1500 – 5000 naira respectively. In purchasing Grains, 84.6% and 15.4% spend between 2,400 – 5000 naira and 600 – 2,000 naira respectively. In purchasing Meat, the majority, 82.1% spend between 700 – 1500 naira while, 6.4% and 11.6% spend between 0 – 500 naira and 2000 – 5000 naira. In purchasing Milk, the majority, 82% spend

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between 200 – 500 naira while the remaining 12.9% and .5.1% spend between 600 – 1000 naira and 1500 – 3000 naira. In purchasing Egg, 93.3% spend between 0 – 500 naira while 7.8% earn between 600 – 2000 naira. Finally, in purchasing Fish, 85.9% spend between 300 – 1500 naira while 14.1% spend between 2000 – 5000 naira.

From this research, we can say that the respondents spend more money on root and tuber crops, beverages, grains, meat and fish than they do on vegetables, fruits, milk and egg. This findings support the research that individuals go for quantity rather than quality and this can compromise their health, well-being and productivity (Ike et al., 2015).

i. *Percentage of Household Food Expenditure Share on Household Income and Household Total Expenditure*

This is to find out how many percentage (%) of the household income was spent on food and how many percentage (%) of the household total expenditure was spent on food.

Table 3.4: Percentage of Food Expenditure Share on Income and Total Expen*diture*

Food share (%)		Frequency	Percentage	Mean
Food share on Total Expenditure				58.6685
	42-60	49	62.8	
	61-70	14	17.9	
	71-88	15	19.2	
Food share on Household Income				94.0483
	30-60	27	34.6	
	61-90	24	30.8	
	91-120	12	15.4	
	121-150	9	11.5	
	151-180	1	1.3	
	181-210	1	1.3	
	211-240	1	1.3	
	241-300	1	1.3	
	301-428	2	2.6	

Source: Field Survey, 2018

The results from table 3.4 shows that based on the percentage of food expenditure share on total expenditure, the mean was 58.7 and majority of the respondents (62.8%), spend between 42-60% of their household expenditure on food while, 17.9% spend 61-70%, and 19.2% spend 71-88%. This proves that most of the respondents spend more than half of what they spend in a month on food.

Table 3.4 further reveals that based on the percentage of food expenditure share on monthly income, the mean was 94.04 and the majority of the respondents (34.6%) spend between 30-60% of their income on food while, 30.8% spend between 61-90%, 15.4% spend between 91-120%, 11.5% spend between 121-150%, 1.3% spend between 151-180%, 1.3% spend between 181-210%, 1.3% spend between 211-240%, 1.3% spend between 241-300% and 2.6% spend between 301-428%. This implies that most of the respondents spend above half of their income on food. It also showed that some household spend more than they earn on food and most of these households are poor. The findings from table 3.4 goes in line with the research that the share of total household expenditure spent on food is an indicator of household food security because it is widely documented that the poorer and more vulnerable a household, the larger the share of household income spent on food (Guiding Framework, 2017).

c) *Subsistence Share of each Food consumed by the Households*

The subsistence share of food refers to the amount of food consumed by the households from their farm. It includes all the share of crops grown by the respondents or the share of animal products which the households consume.

Table 3.5: Distribution of Respondents According to their Subsistence Share of Food

Variables		Frequency	Percentage (%)
Subsistence Share			
	No	1	1.3
	Yes	77	98.7
	Total	**78**	**100.0**

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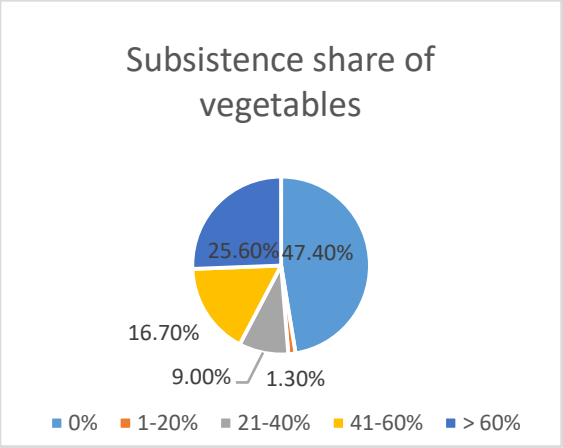
Number of Crops Grown			
	1crop	8	10.3
	2 crops	23	29.5
	3 crops	19	24.4
	4 crops	13	16.7
	5 crops and above	15	19.2
	Total	**78**	**100.0**
Types of Crops Grown			
	Tuber crops only	4	5.1
	Vegetables only	2	2.6
	Grains only	3	3.8
	Tuber crops and vegetables or fruits	5	6.4
	Tuber crops and grains	19	24.4
	Tuber crops, grains & vegetables	5	6.4
	Tuber crops, grains, vegetables, fruits & others	25	32.1
	Grains and vegetables	5	6.4
	Grains and fruits	3	3.8
	Vegetables and fruits	7	9.0
	Total	**78**	**100.0**

Source: Field Survey, 2018

Table 3.5 shows that in addition to purchase, 98.7% consume their farm products while 1.3% do not harvest their crops for household consumption. It also shows that the majority of the respondents, (29.5%) grew 2 crops while 24.4% grew 3 crops, 19.2% grew 5 crops and above, 16.7% grew 4 crops and few, 10.3% grew 1 crop. This implies that most of the respondents grow just 2 crops.

Table 3.5 shows that the majority of the respondents, 32.1% grew Tuber crops, grains, vegetables, fruits and others (including livestock e.g. poultry) while the minority, 2.6% grew only vegetables. The rest grew either tuber crops or grains or fruits or a combination of 2 or 3 of them. This implies that most of the respondents prefer to grew different types of crops than just one crop.

i. *Subsistence Share of Vegetables*



Source: Field Survey, 2018

Figure 3.1: Pie chart of Subsistence Share of Vegetables

Figure 3.1 shows that majority of the respondents (47.4%) do not harvest vegetables for their household consumption while, 25.6% harvest above 60%, 16.7% harvest between 41% and 60%, and few harvest only about 20% for consumption.

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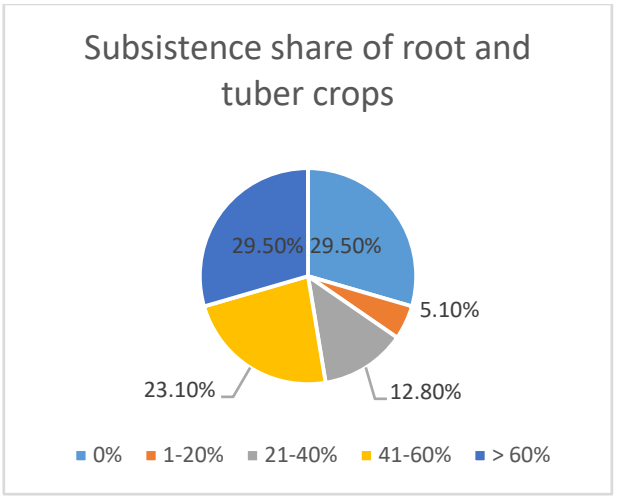
ii. *Subsistence Share of Root and Tuber Crops*

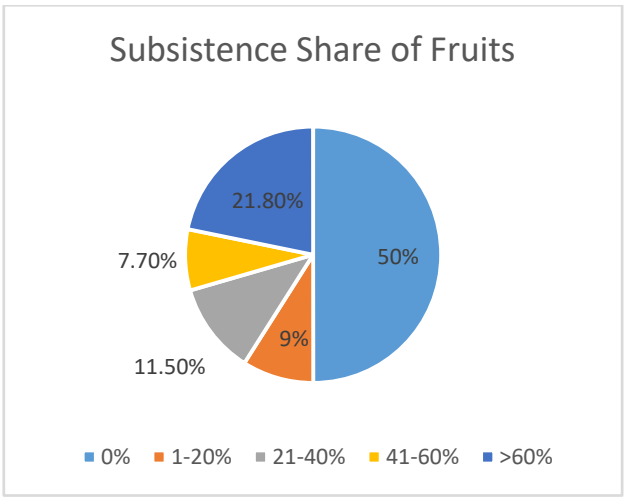


Source: Field Survey, 2018

Figure 3.2: Pie chart of the Subsistence Share of Root and Tuber Crops

Figure 3.2 shows that the majority of the respondents (29.5%) harvest 100% of their farm products for their household consumption, 29.5% also do not have any subsistence share, 23.1% harvest between 41-60%, 12.8% harvest between 21-40% while few harvest about 20% or less than that for their household consumption. This shows that most of the respondents do not rely solely on purchasing root and tuber crops from the market; they also harvest from their farm for household consumption.

iii. *Subsistence Share of Fruits*

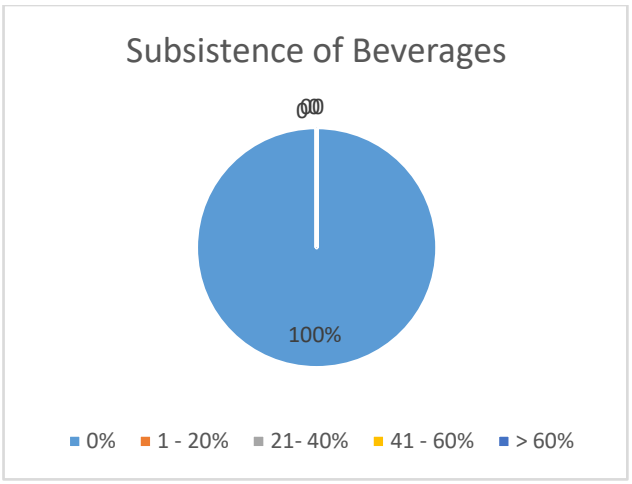


Source: Field Survey, 2018

Figure 3.3: Pie chart of the Subsistence Share of Fruits

Figure 3.3 shows that majority of the respondents (50%), do not harvest fruits for their household consumption while 21.8% harvests above 60%, 11.5% harvests between 21-40%, 9% harvests between 1-20%, and the minority harvests 20% of their fruit crops for their household consumption. This may be attributed to the fact that most of the respondents do not grow more of fruits crops.

iv. *Subsistence Share of Beverages*

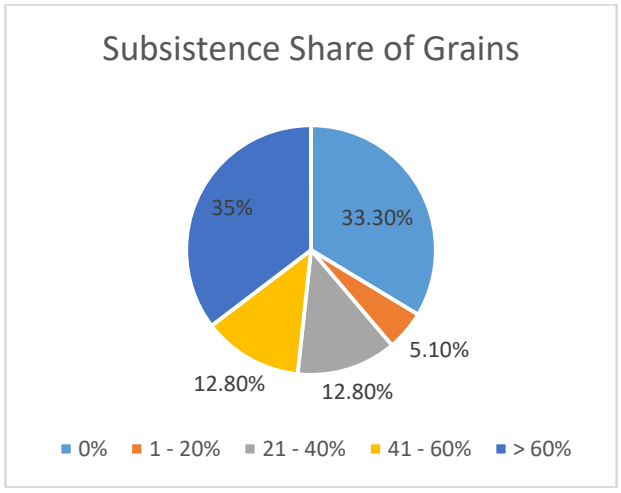


Source: Field Survey, 2018

Figure 3.4: Pie Chart of the Subsistence Share of Beverages

Figure 3.4 shows that all the respondents do not harvest beverage crops for their household consumption. This implies that all the respondents do not grow beverage crops.

v. *Subsistence Share of Grains*



Source: Field Survey, 2018

Figure 3.5: Pie chart of the Subsistence Share of Grains

Figure 3.5 shows that majority of the respondents (35%) harvest above 60% of their grain crops for harvest consumption while 33.3% have no subsistence share, 12.8% harvest 41 -60%, 12.8% harvest 21 – 40% and few (5.1%) harvest only 20% of their grain crops.

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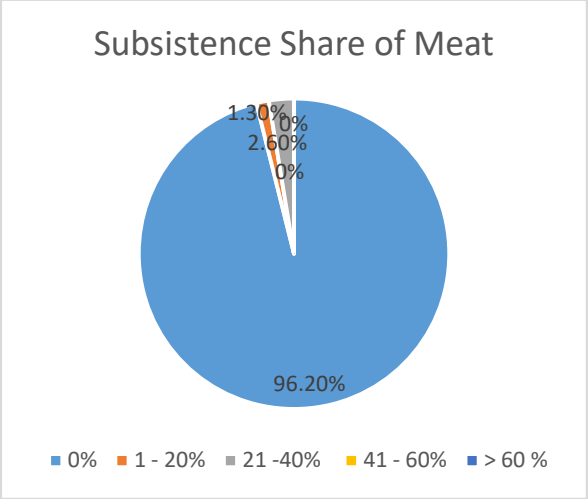
vi. *Subsistence Share of Meat*

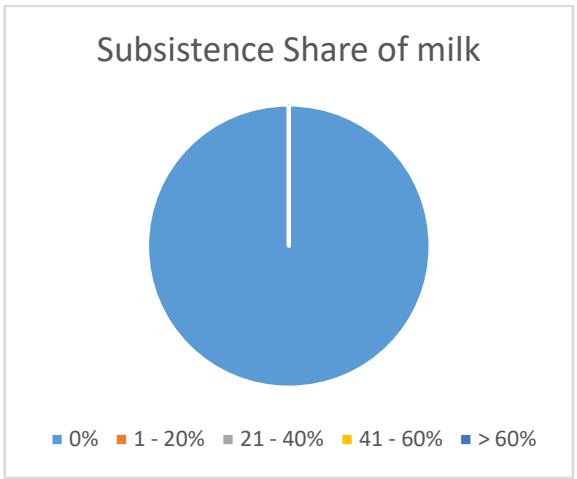


Source: Field Survey, 2018

Figure 3.6: Pie Chart of the Subsistence Share of Meat

Figure 3.6 shows that majority of the respondents (96.2%) do not have any subsistence of meat while only 1.3% and 2.6% harvest between 21-40% and 1-20% respectively and finally, few of the respondents have only about 20% subsistence share of meat. This implies that most of the respondents do not raise livestocks for household consumption. They prefer to grow crops as it may cheaper and easier. This may be attributed to easy access to land for agricultural use and most households can easily start a farm around their home (Mafuru & Marsh, 2003).

vii. *Subsistence Share of Milk*

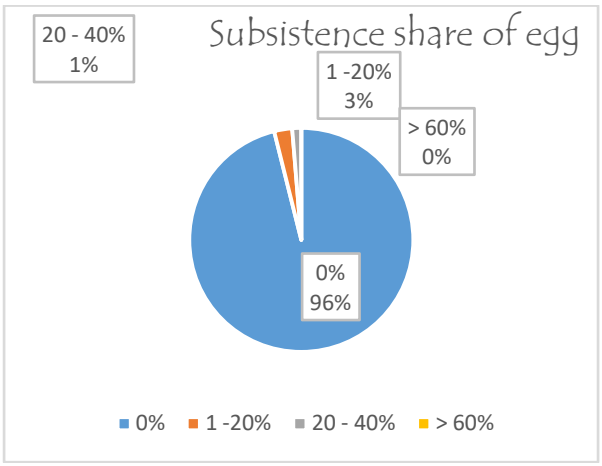


Source: Field Survey, 2018

Figure 3.7: Pie chart of the Subsistence Share of Milk

Figure 3.7 shows that all the respondents do not have subsistence share of milk. This implies that the respondents do not raise livestock for milk production.

viii. *Subsistence Share of Egg*

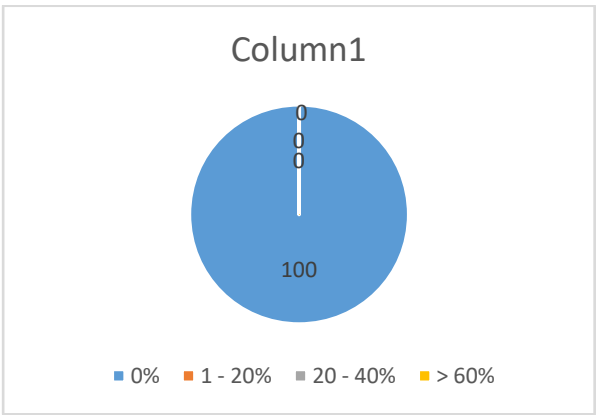


Source: Field Survey, 2018

Figure 3.8: Pie chart of the Subsistence Share of Egg

Figure 3.8 shows that majority of the respondents do not have subsistence share of egg products while the minority have about 41 – 60% subsistence share. This implies that most of the respondents do not raise livestock for egg production.

ix. *Subsistence Share of Fish*



Source: Field Survey, 2018

Figure 3.9: Pie chart of the Subsistence Share of Fish

Figure 3.9 shows that all the respondents do not have subsistence share of fish. This implies that the respondents do not raise livestock for fish production.

d) The Effects of Socio-economic Characteristics on Household Food Expenditure

Table 3.6: Multiple Regression of Variables Showing Significance

Variables	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	88716.134	8229.441		10.780	.000
Age	-2.259	56.877	-.003	-.040	.968

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	Sex	-2610.403	1773.521	-.112	-1.472	.146
	MaritalStatus2	1783.186	1917.673	.072	.930	.356
	Household Size	-303.819	488.786	-.055	-.622	.536
	Household income	.211	.026	.634	7.960	.000
	Subsistence Share	-57985.407	7136.054	-.577	-8.126	.000
	Level of Education	-2252.804	1785.254	-.100	-1.262	.211
	Primary Occupation	-1240.990	832.051	-.114	-1.491	.140
a. Dependent Variable: Household Food Expenditure						

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.839[a]	.704	.665	6580.16132
a. Predictors: (Constant), Sec.Occupation1, Household Size, Age, Subsistence Share, level of Education1, sex, Pri.Occupation1, MaritalStatus2, Household income				

Data from result on table 3.6 shows the effects of the socio-economic characteristics on household food expenditure. Multiple linear regressions at 5% and 10% probability level were used. The results show that subsistence share of food has a negative effect on household food consumption and was very significant at 1% probability level. It shows that as the subsistence share of food increases, the level of food expenditure decreases.

Also, household income had a negative effect on household food expenditure and was very significant at 1% probability level. It showed that as the household income increases, the household food expenditure increases although, most respondents spent more money on food than the earned monthly. Some of these respondents may have borrowed. This finding supports the research that there is a decline in the "starchy staple ratio" as incomes rise reflects the tendency for families to consume increasingly large quantities of meat, dairy products, and other relatively costly foods as enlarged purchasing power allows them to modify their diet patterns. This shift toward more expensive foods is largely responsible for the fact that food expenditures rise in absolute terms as incomes rise, even though, in accordance with Engel's law, the proportion of income spent on food declines (Kaneda & Johnson, 2011). This is expected because incomes of these households are likely to be higher as a result of longer stay on their public or private endeavors, following the assumptions of lifecycle hypothesis (Arene & Anyaeji, 2010). According to this hypothesis, current consumption spending is primarily a matter of expected income, and this expected income, is, in principle, very similar to a higher expected income implying a higher level of current consumption and lower level of current savings, a lower level of current consumption.

IV. Conclusion and Recommendation

From the basis of the research findings, it is seen that the respondents were of low economic status. The research showed that majority of the respondents were married, were farmers and had a large household size. The study showed that most households, in addition to their subsistence share of food, spent lesser amounts on food expenditure. The research also showed how some socio-economic characteristics affect the household food expenditure. The study indicated through multiple regression that household income and subsistence share of food had positive significance on household food expenditure at 1% probability level.

Furthermore, the study showed that as the subsistence share of food and household income increases, the household food expenditure decreases; it also showed that as the household size decreases, the household food expenditure decreases. This result mean that large households spend more on food. The study also showed that the respondents spend more than they earn in a month. Some of the respondents spend over 100% of their income on food, some even spend 2 or 3times their income on food. The study also showed that more than half of what the respondents spend in a month is mostly on food.

Based on the study, households should be encouraged to have farms to help them reduce the amount of food items to purchase. With this, households will be able to reduce the amount of money spent on food monthly because of the subsistence share of food they will have. More so, it is advised that the government should increase the salaries paid to individuals since the study indicated that the households are poor, since 94% spend more of their income on food.

Furthermore, there should also be improvement in research institutes to find out more how much households spend on food consumption and expenditure and how it can be reduced. Also, more studies on food expenditure analysis should focus on urban communities as there are likely evidences of food insecurity in these communities as obtained in the rural areas.

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Poverty Alleviation and Development: The Need for and Conditions of Youth Empowerment in Ethiopia

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Abstract- Ethiopia has a huge youthful population who can determine both the current and future development of the country, and it also owns abundant natural resources. However, poverty has been a widespread challenge in Ethiopia. Thus, poverty alleviation is the central concern of the country. The objective of this paper is concerned with explaining the need for and conditions of youth empowerment in Ethiopia. And the paper prepared through extensive consultation of literature and observations. Youth empowerment is a key to alleviate poverty, transform societies, and develop well-balanced citizens. Having cognizant of this fact, Ethiopia has witnessed several development efforts, especially since 2002, which recognize youth empowerment as an invaluable measure to combat poverty. However, although there are significant growth gains and progress as a result, the society still suffers pervasive socioeconomic problems. Particularly, the youth continue to experience a myriad of problems such as lack of access to functional education, appropriate technologies and information, unemployment and underemployment, and mistreatments. Especially young women and rural youth have often experienced more problems throughout the country. They are extremely vulnerable to poverty, illegal migration, risky behaviors, and various social evils.

Keywords: *youth empowerment, poverty alleviation, food expenditure, development, ethiopia.*

GJHSS-E Classification: *FOR Code: 349999p*



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Poverty Alleviation and Development: The Need for and Conditions of Youth Empowerment in Ethiopia

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Abstract: Ethiopia has a huge youthful population who can determine both the current and future development of the country, and it also owns abundant natural resources. However, poverty has been a widespread challenge in Ethiopia. Thus, poverty alleviation is the central concern of the country. The objective of this paper is concerned with explaining the need for and conditions of youth empowerment in Ethiopia. And the paper prepared through extensive consultation of literature and observations. Youth empowerment is a key to alleviate poverty, transform societies, and develop well-balanced citizens. Having cognizant of this fact, Ethiopia has witnessed several development efforts, especially since 2002, which recognize youth empowerment as an invaluable measure to combat poverty. However, although there are significant growth gains and progress as a result, the society still suffers pervasive socioeconomic problems. Particularly, the youth continue to experience a myriad of problems such as lack of access to functional education, appropriate technologies and information, unemployment and underemployment, and mistreatments. Especially young women and rural youth have often experienced more problems throughout the country. They are extremely vulnerable to poverty, illegal migration, risky behaviors, and various social evils. The central challenges to youth empowerment endeavors, in the country, are maladministration, political problems, persistent gender inequality, lack of effective inter-sectoral cooperation, concentration of services and growth in urban areas, an absence of a culture of entrepreneurship, and drought (in some parts of the country). Without tackling these problems and ensuring the empowerment of its large young population, it is unthinkable for the country to achieve sound development. Even, unless youth empowerment is secured, the society may face growing problems and crises. Therefore, the Government must demonstrate strong political commitment, renew its youth empowerment efforts, and aggressively embark on comprehensive and effective empowerment strategies. It must ensure broad community engagement and participation from all development partners, sectors, and stakeholders at all levels to respond to youth issues and problems through integrated and sustainable manner.

Keywords: youth empowerment, poverty alleviation, development, ethiopia.

I. NTRODUCTION

The way people define the concept youth varies across cultures and countries; different societies regard it in different ways. As an age group, it is conceptualized as the period of human development which occurs between childhood and adulthood; accordingly, the UN General Assembly (1995) defines it as persons between the ages of 15 and 24. And the African Youth Charter defines it as individuals aged 15 to 35 (AU, 2006), but the Ethiopian youth policy (2004) defines it as those who are between 15-29 years old. On the other hand, as a socio-cultural phenomenon, youth is regarded as a stage in which young people are confronted with the major roles, symbols, and values of their society that they are supposed to emulate and play in adult life (Eisenstaedt, 1972 and UNDP, 2006). Furthermore, as a gender dimension, it is perceived as the stage at which societal expectations and personal aspirations of young men and young women start to diverge; girls begin to experience new restrictions. Specifically, the attitudes, behavior, conduct, and the sexuality of young women commence to be more closely watched; in other words, it is often the time when the world expands for boys and contracts for girls, specially, in underdeveloped countries (AU, 2011 and UNDP, 2006).

About 20% of the world population is youth, in the age group of 15 to 24, whose situation is, globally, characterized by extreme disparities in terms of economic, social, cultural, and technological matters. Almost 90% of the world youth population are residents in the third world countries. Especially, Africa is the world's youngest continent; over 60% of its population is young people under age 35, of whom youth 15 to 24 years old constitute more than 20% (Greg Mills, 2010; UNDP, 2017 and USAID, 2012). In particular, Ethiopia is a country of a youthful population; from over 100 million of its total population, about 75 % are young people under age 25, and the youth aged 15 to 29 accounts for more than 30% of the population (CSA, 2008; 2014).

As Africa is the most infested continent with poverty and sociopolitical problems, a multitude of troubles characterize the lives of its youth population. Difficulties, such as, lack of access to quality education and health services, lack of viable skills, unemployment and underemployment, lack of meaningful participation in decision-making process, lack of access to resources, overwhelming migration, and mistreatments are familiar among the youth. Mainly, these problems are more widespread among the youth in rural areas than those in urban areas, among females than males,

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and in Sub-Saharan African countries, including Ethiopia (AU 2011; Greg Mills, 2010; UNECA, 2009 and World Bank, 2015).

While youth have faced enormous challenges, the realization and sustainability of development of a country are nevertheless determined by the wellbeing and status of its young people. Young people are the source of hope and transformation for their society; they represent the opportunity of today and tomorrow as educators and innovators, entrepreneurs and investors, health professionals and scientists, politicians and peacemakers (Olufunke, 2014; DID, 2010 and USAID, 2012). Due to this fact, more than ever, today youth empowerment is gaining increasing importance in the development agenda of national governments, regional entities and international development organizations (AU, 2006; ICM, 2016 and UNFPA, 2005).

Accordingly, as African Union envisions an integrated African economic, social, cultural, and political development by the year 2025, which is hoped to be driven and realized by its large youth population, it endorsed the African Youth Charter, in 2006, which provides direction for youth empowerment. The Youth Charter provides a framework for developing tangible youth policies and programmes for young people in areas that include education, employment, sustainable livelihoods, health, youth participation, peace and security and law enforcement. Consequently, several African countries are making progress in developing appropriate policies and allocating more resources to the concerns of their young people (Argenti, 2002; AU, 2006, 2011 and Gideon, 2014).

Likewise, as Ethiopia also aspires to alleviate poverty and reach a middle-income status by the year 2025, the Ethiopian Government introduced a consecutive five year development plans and strategies, specially, since 2002. These development plans are: Sustainable Development and Poverty Reduction Program and Agricultural Development Led Industrialization Policy (2002/3-204/5); a Plan for Accelerated and Sustainable Development to End Poverty (2005/6-2009/10); Growth and Transformation Plan I (2010/11-2014/5), and Growth and Transformation Plan II (2015/16-2019/20). And the Government recognizes youth empowerment (especially ensuring gender equality) as an invaluable measure that may help to realize the country's development vision. Thus, empowerment policies, programmes, and packages have been introduced in line with the development plans (FDRE, 2002; 2013; 2016; MoFED, 2006, 2010 and MYSC, 2004).

Consequently, nowadays there are significant progresses, for instance, in education and health services coverage, economic growth gains, labor markets, and women and youth participation. And as the official Government report indicated, the percent of population below the poverty line declined from 45% in 994/95 to 30% in 2010/11(FDRE, 2013; MoFED, 2006, 2010, 2012 and Shimeles, 2011).

However, despite the improvements and in contrast to the Government report, evidences and observation of people's conditions across the country reveal that there is still a widespread poverty, and many people are unable to sustain themselves. And a myriad of problems, such as maladministration, inequality, lack of quality services and facilities, low productivity, weak capital accumulation and investment, lack of or lower level of income, high poverty induced migration, gender inequality, prevalent child labor, violence, and recurrent drought (in some parts of the country) are still central challenges for the society in general and for the youth in particular (Abu, 2013; Ayrorit, 2013; Broussara & Tsegay, 2012; DSW, 2011; Mulugeta, 2013 and Woldehanna and et al, 2011).

Ensuring and promoting youth empowerment is a panacea to these problems and a key to the nation's development (AU, 2006; Bekeh, 2015; ICM, 2016 and UNFPA, 2005). Therefore, the objectives of this paper are concerned with elucidating the need for youth empowerment in poverty alleviation and development endeavors in Ethiopia; examining youth empowerment efforts and conditions in the country; explaining opportunities and challenges to youth empowerment in Ethiopia, and giving plausible policy recommendations. And the paper prepared through extensive consultation of literature and observations.

II. The Need for Youth Empowerment in Poverty Alleviation and Development Endeavors in Ethiopia

Young people are very invaluable to any nation; they have a fresh motivation, great potential, capabilities, and a formidable creative resource that a nation can utilize for its overall development. They are also receptive to new ideas, and they have an ability to respond to challenges in innovative ways (UNFPA, 2005 and USAID, 2012).

They are the cornerstone and vehicle of transformational change and development. Particularly, they are often at the heart of great strategic opportunities and challenges in building the global economy, combating injustice, and building sustainable democracies. They are, often, at the centre point in mounting bitter and persistent struggle against all forms of oppression and for socioeconomic development and justice around the world. And they have been transforming global politics, economics, and societies throughout history and making unparalleled strides in building the foundation of the world's future, even if not through the formal multilateral system (ICM, 2016; DID, 2010 and UNDP, 2017).

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That is, if provided with an enabling environment and opportunities, youth can channel their energies and capabilities effectively into efforts that will benefit sustainable development, democratic consolidation and a culture of peace for both present and future generations. As youth empowerment is concerned with enhancing the political, social, cultural and economic strength and health of the youth, it is a key to boost and unleash their potential. It makes them be more economically and socially responsible and self-reliant and better placed to function multifaceted to achieve the holistic goals of their society (Olufunke, 2014; AU, 2011; ICM, 20016 and UNESCO, 2012).

Specifically, empowering and enabling youth to engage in development activities yields an opportunity to harness their potential, enthusiasm, skills, and innovative ideas thereby to realize economic growth, foster social stability, improve civic participation, realize healthier, educated and productive societies, and ensure sustainable development. For instance, enhancing youth education, health, and organizations; encouraging youth enterprise development, and meaningful youth employment, and collaboration work with the youth are highly significant measures to ensure primary education and universal health service for all, to alleviate poverty, and to ensure peace and sustainability. Because youths can be extremely successful teachers, health service providers, and awareness creators as they can motivate, mobilize and teach each other and their communities efficiently more than anyone can do. They can also be more productive workers and entrepreneurs. And they can effectively combat corruption and injustice, and also they can make consummate progress in science (Bekeh, 2015; DID, 2010; Isiaka, 2015; UNFPA, 2005 and UNDP, 2017).

Hence, evidently, a society where youths are empowered and engaged experiences rapid growth and development, and it is relatively with social peace at all level. And it is better placed to withstand the challenges of the world. On the other hand, a society that fails to acknowledge and address the challenges that face youth is finding it difficult to achieve its development objectives. Even, as history teaches, without addressing young people's needs and issues, societies face growing troubles (Bekeh, 2015; Hilker & Fraser, 2009; ICM, 2016; UNFPA, 2005; USAID, 2012 and World Youth Report 2005).

In general, in addition to making them useful to themselves, youth empowerment makes the youth enormously valuable to their families, communities, and society; it is vital in bringing solutions to development challenges, transforming society, and developing well-balanced citizens. Thus, ensuring the empowerment of the large youthful population like in Ethiopia is tremendously an essential condition and a necessity to overcome the challenges of the poverty trap and undertake sound and sustained overall development.

III. Youth Empowerment Efforts and Conditions in Ethiopia

The Ethiopian Government, recently, recognizes addressing youth issues and problems as a viable mechanism to alleviate poverty. National Youth Policy, which emphasizes on youth empowerment issue, was introduced in 2004, and the issue has been taken as one of the country's development policy focus areas (FDRE, 2002; 2013; 2016; MoFED, 2006, 2010 and MYSC, 2004).

The National Youth Policy envisioned creating an empowered young generation with democratic outlook and principles, equipped with knowledge and professional skills, and organized and built with ethical integrity. It recognizes the importance of youth participation in an organized manner in all societal matters, and benefit properly from the outcomes. Thus, the broad objective of the policy is concerned with guaranteeing active participation of youth in economic, social, political, and cultural matters thereby support democratization, good governance and development. It addressed a wide range of youth issues, ranging from personal health matters to environmental issues. It focuses on exposing the youth to information and knowledge exchange activities, strengthening youth associations and organizations, mainstreaming youth development programs into different development plans, and youth capacity building through the enrichment of training schemes to enable them to understand development and its interventions. It aims to inculcate in the mind of youth self-confidence, creativity, hard work, and entrepreneurship to make them more employable or participate in good income generating activities. It also focuses on increasing the number of young people in leadership positions to make them play active roles in the society. And it notices that young people should not only be passive implementers of development packages that affect their lives but also take the leading role in formulating the packages (MSYC, 2004).

The National Youth Policy also recognizes the need for inter-cooperation and coordination among diverse stakeholders such as Ministry of Youth and Sports, Ministry of Education; Ministry of Health; Ministry of Women; Children and Youth; Ministry of Labor and Social Affairs, and Youth Federations to alleviate the problems of the youth at all levels. And to translate into action the National Youth Policy, the Government has formulated the youth development packages by mainstreaming youth issues into national development plans. Accordingly, for instance, within the current five-year Growth and Transformation Plan, the Government's objectives are concerned with the need to safeguard the rights of young people, ensure their access to quality education, increase the number and capacities of youth associations, encourage youth entrepreneurship, and

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expand micro and small enterprises in a large-scale so that the youth may fully participate in and benefit from the society (FDRE, 2002, 2016; MoFED, 2006 & 2010 and MSYC, 2004).

And, in contrast to the previous education system which was generally perceived among the public as a means for public sector employment, the 1994 Education Policy has come with different purpose. It identifies technical education and vocational training with aim that youth will no longer wait only for the white-collar employment but also they must be motivated and supported to create their own jobs. Accordingly, technical and vocational education and training focuses on producing a competent, motivated, adaptable, and innovative workforce, and it encourages the culture of self-employment. In particular, the important feature of technical and vocational education and training is its integration with small and micro enterprises. As spelled out in the country's industrial development strategy, the Government identified small and micro enterprises as a vital source of employment and job creation, and it emphasis on promotion of the private sector and investment; because the Government regards the involvement of the private sector in youth empowerment as critical for the private sector has the resources, expertise, and capacity to generate wealth and to diversify and multiply employment opportunities. Generally, the technical and vocational education and training is not only designed to match the demands of the small and micro enterprises (of private investors) but also trainees are encouraged to generate their own small and micro enterprises. Thus, it is considered as a crucial to enhance economic competitiveness and decent employment, reduce poverty, and boost socio-economic development (Broussara & Tsegay, 2012; Education and Training policy, 1994; FDRE, 2002, 2013; Gebreeyesus, 2007; MOE, 2008; Mulugeta, 2013 and Sintayehu, 2017).

In general, the country has witnessed many youth empowerment efforts, particularly, which are concerned with addressing the major youth problems and issues that include education, employment, health, and decision making related issues.

Consequently, regarding education, recently, Ethiopia has made a progress in improving access to education. The measures of both gross and net enrolment in primary to higher education show a massive improvement. However, still, gender and rural-urban disparities remain big challenges. There is also a high school drop outs rate, and the proportions of those who attained post-secondary education and training are relatively low. In addition, there has been grave quality and relevance problem which hinders a smooth school-to-work transition; majority of the youth have restricted access to relevant and quality education needed to support their post school life. Education and training institutions lack proper curricula, adequate skilled teaching staff, learning materials, and facilities; they also lack explicit measures to tackle the main challenges on the ground. And they have had negative reputation as their graduates are with low caliber, and young people are regarding education as irrelevant or useless as education is mainly failing to provide graduates with an avenue towards a better future (FDRE, 2016; MoFED, 2006, 2010, 2012; MOE, 2008 and TaYa, 2014).

In fact, it is apparent that there is improvement, also, in the labor market and employment. And small and micro enterprises practices and emerging factories in the country have created jobs, for thousands of youths, especially, in towns. However, getting an occupation with living wage/good earnings is still a serious concern in many young people's lives. The growing number of young people from educated to illiterate youth is unable to gain access to a good paid employment and earnings. In particular, graduated young people are increasingly vulnerable to failing to obtain the type of job considered commensurate with their qualifications. And there are a larger number of unemployed and underemployed youth throughout the country, and the incidence of the problem is higher amongst women in both rural and urban areas of the country than among men (Ayrorit, 2013; Broussara and Tsegay, 2012; FDRE, 2016; IGC, 2012; MoFED, 2006, 2010, 2012; MoLSA, 2009; Mulugeta, 2013; Sintayehu, 2017 and TaYa, 2014). Besides, the vast unemployed youth population, sadly, has be seen as an opportunity for exploitation, as a source for labor intensive and low wage jobs, for both domestic and foreign investors. And those young people who faced work-related injury or disability (e.g., at factories), may be because of lack of the required skills or awareness, have been made to go out almost without insurance.

The main reasons for youth unemployment generally include limited expansion of formal employment opportunities, lack of access to finance, rapid population growth, rapid rural-urban migration, and lack of commensurate investments and appropriate technologies, in addition to low-quality education, skills miss-match with the labor market, and low level of entrepreneurship. On the one hand, although some youths have acquired the necessary skills that can help them to run their own businesses or income generating activities, they lack starting capital besides the lack of formal employment opportunities. On the other hand, many youths are neither trained for quality jobs nor for entrepreneurship. Moreover, in rural areas, even if some young people are interested in agriculture as a means of earnings, they find it is an impossible option as they cannot get a plot of land to farm. And in another case many youths are not interested in agriculture because it is not attractive (i.e., traditional and subsistence agriculture) (Broussara and Tsegay, 2012; IGC, 2012; Mulugeta, 2013 and World Bank, 2015).

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Concerning health, also, as the country collectively aspires to universal access to health care and coverage, there is a significant progress on the access to health facilities and services. However, health challenges owing to the effects of poverty, including constraints in health financing, inadequate access to sexual and reproductive health information and services, malnutrition, and sexually transmitted infection, and persistent gender inequalities are still common among the youth. Especially, as large numbers of rural youth are migrating to urban areas, due to abject poverty, in search of better opportunities, many have faced various health challenges. Because job opportunities are scarce in the urban areas, and urban life is not as they initially expected; thus, being hopeless many of them are exposed to various health problems, including HIV/AIDS which is currently on the increase among the youth. Young women above all represent a high-vulnerable group (to different health problems) because of gender-based discrimination, early marriage, female genital mutilation, and other harmful practices, and higher poverty rate among them. A number of females who do not have any source of livelihood are forced to practice sex for money; thus, today, there are thousands of commercial sex workers most of whom are quite young, and they are exposed to various health problems resulting from unwanted pregnancy, abortion, sexually transmitted infections, abuses, hopelessness, stigma, and psychological disturbances (Ayrorit, 2013; FDRE, 2016; MoFED, 2006, 2010, 2012; TaYa, 2014 and Young Lives, 2014).

And regarding youth participation in the decision-making process, efforts to engage them, also, have been improved recently. However, still, there are so many problems. There is a gap between youth policy and its implementation. And there has been lack of genuine political will to involve youth and lack of understanding the benefits of youth involvement in decision-making processes. Thus, there have been few opportunities for active youth participation in decision-making processes, and there are limited skills, tools, and resources among both young people and the government bodies that are required to engage in successful consultative process and to implement youth policy properly (FDRE, 2014, 2016 and TaYa, 2014).

Generally, even though there are significant improvements in all aspects in the country, youth in Ethiopia, continue to face a multitude of challenges. Lack of functional education, lack of marketable and productive skills, lack of appropriate technologies and information, lack of access to formal jobs or good earnings, unmet need for health-related services and information, and mistreatments characterize the lives of the youth; especially young women and rural youth face more problems throughout the country. They are extremely vulnerable to poverty, illegal migration, and risky behaviors and practices. And the uprisings and grievances of the youth and the outbreak of political unrest in Ethiopia (especially since 2014), in which thousands of youths have sacrificed their lives, physically disabled, or imprisoned, are obvious manifestations of youth claims against the above problems.

IV. Opportunities and Challenges to Youth Empowerment in Ethiopia

There are opportunities that may help to realize youth empowerment in Ethiopia. For instance, as Ethiopia is a signatory to various UN and AU commitments and conventions which address the plights of youth, especially, nowadays more than at any time in the past, the Government recognizes youth issues. And the national youth policy which introduced in 2004 advocates the necessity of youth empowerment. Accordingly, different project centers which are concerned with the youth (with an especial focus on combating gender inequalities) opened in the regional cities of the country with the aim to improve youth involvement in the nation's socioeconomic development efforts (AU, 2006; 2011; FDRE, 2014; MoFED, 2006; 2010, 2012 and MYSC, 2004).

Also, although it has been with complex socioeconomic problems, Ethiopia has enormous natural resources such as agricultural land, forestry, livestock, minerals, and others that can offer a lot for young people empowerment. There is adequate untapped potential to attract many investors who can create huge job opportunities for the youth, and there are many possibilities for young people to create their own profitable business. Thus, if they get the required opportunities, including appropriate training, finance, and facilities, youth can involve successfully in various sectors, such as agriculture, agro-allied manufacturing, animal husbandry, bee-keeping/honey production, tourism, mining, construction, and so on. Especially, the agriculture sector which has been the predominant source of income and recognized as the prospective engine of socio-economic development in Ethiopia has vast potential to absorb growing underemployed and unemployed young (rural) population. With rising urbanization, trade and the emergence of larger scale enterprises in the country, it can provide enormous employment opportunities across the agri-food sector. Also as today there is high global demand for agricultural products, young people, especially, those in the rural areas can participate in agriculture and can be very profitable and successful investors rather than undertaking migration (IGC, 2012; Sumberg & Okali, 2013 and World Bank, 2015).

However, despite the above opportunities, there have been so many challenges to the implementation of the National Youth Policy and youth empowerment in Ethiopia. Problems, such as rent-seeking, corruption,

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the abuse of power, persistent gender inequality, and political issues have been posing severe challenges to the socioeconomic and political aspects of the nation and directly challenging youth empowerment. Besides, there are so many challenges, including poor management and supervision of youth programmes, weak monitoring and evaluation tools, absence of a clear strategy, lack of accountability, lack of adequate and effective inter-sectoral cooperation, and inadequate infrastructural facilities. In addition, low manufacturing and industrial base, low levels of economic diversification, insufficient training equipments and low-quality education, insufficient labor market information and low-absorptive capacity of the labor market, and difficulty in accessing resources, including land and finance are challenging youth empowerment. Also, absence of a culture of entrepreneurship and resistance to accept change in traditional and cultural practices, and natural hazards such as drought have been grave difficulties in youth empowerment endeavors (Abu, 2013; Broussara and Tsegay, 2012; IGC, 2012; MOE, 2008 and TaYa, 2014).

Access to finance, which is the core business environment constraint by micro and small enterprises development in Ethiopia, is perceived as an immense problem. Because of limited financial resources, shortage of loan and unbearable interest rate on loan, many youths could not start-up business activities, and most youth-based small businesses have been failing in their first year, or their development lacks sustainability due to this problem and inadequate business skills. Youth empowerment training is often not accompanied by soft loan which graduates could use as start-up capital for their quick integration into the micro and small-scale enterprise practices. Also, often, all categories of unemployed youth are lumped together as if they are homogeneous in terms of education, skills, capabilities, and willingness. But, in fact, there ought to be some distinctions among them on the basis of these issues so that this lumping together of all categories of youths have been making youth empowerment efforts ineffective and less impactful (Broussara and Tsegay, 2012; DSW, 2011; IGC, 2012; Mulugeta, 2013 and Sintayehu, 2017).

Moreover, there is a concentration of job, growth, and facilities in highly capital-intensive and urban-based sectors. Thus, rural youth who have the potential needed to participate effectively in agriculture related activities and can earn better have been exposed to rural-urban migration to seek employment in other sectors because they do not foresee a prosperous future for themselves in the agriculture. Agriculture sector is with few opportunities to earn enough and sustainable income due to lack of land (especially for young women) or boredom in agriculture as a result of drudgery in farm operations or inadequate labor-saving technologies for ease of activities, lack of competitive market for agricultural products, and lack of infrastructure in addition to the lack of start-up capital in rural areas *(*IGC, 2012; Sumberg, 2013 and *TaYa, 2014)*.

Besides, lack of adequate recreational activities and facilities, including sports centers, cultural centers, and lack of sufficient public library services, and failures in social institutions are exposing young people to undesirable and risky behaviours, such as unprotected sex, khat chewing, and other substances and alcohol abuse. And these problems have been challenging youth empowerment efforts aimed at creating healthy and productive citizens *(*Cicchetti, et al., 2000; Candace Currie, et al., 2010; *TaYa, 2014 and* Young Lives, 2014).

V. Conclusion and Recommendations

In spite of its huge youthful population, who can be a great impetus for poverty alleviation and development, and enormous natural resources in its possession, poverty has been a central challenge in Ethiopia. The country has experienced a multitude of problems, including political malpractices, bad administration, and deep-rooted gender-based discrimination among others. Specifically, there has been no favorable environment under which youth could participate meaningfully to ensure their benefits and that of their society.

Recently, the Government has tried to address the needs of the youth along with those of the general population. Particularly since 2002, various government programs, which concerned with poverty alleviation and development, have been making efforts to address the problems of youths in line with the National Youth Policy (2004) which gives attention to youth empowerment and active involvement in all societal matters. And technical and vocational education and training and small and micro enterprises development practices are helping as tools for and sources of employment, job creation, and poverty alleviation to make the youth entrepreneurs, productive and live a better life.

However, even though there are progresses in all aspects as a result, the poverty situation in Ethiopia is still worse. Particularly, youth continue to face so many difficulties; mainly, rural youth and women whose problems are multifaceted and interrelated go on with a myriad of troubles.

Specifically, as getting access to quality and relevant education and training is a central challenge, a majority of the youth are ill-equipped for work life. The creation of decent formal employment opportunities or private jobs is also limited. In spite of the growing number of young people, the private sector, particularly, the small and micro enterprises development, to which the Government gives priority as an effective strategy in creating job opportunities, is also still not at a good position. Hence, across the country, most young people continue to eke out a living in the urban, low paid,

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informal economy, or in traditional, subsistence agriculture, or lack access to any form of employment (as they lack access to education and resources, including land and finance). Also, corrupted system, political problems, and lack of opportunities to participate in decision-making processes remain challenge to the youth. Thus, they could not lift themselves, their families, and communities out of the socioeconomic problems.

Even, as youths have been making a bitter political struggle to bring about positive socioeconomic and political changes in the country, thousands of them have lost their lives, disabled, or criminalized. And as all of the aforesaid problems breed displeasure, hopelessness, and despair in the youth's lives, a lot of them have been driven or exposed to risky and destructive behaviors and practices, such as risk for substance and alcohol addiction, prostitution, and violence, including an increasing domestic and illegal international migrations which have been putting the lives and health of the youth at risk.

And the problem is not only creating immense social, health and economic costs to the youth's lives but also to their families, communities, and to the nation at large as it hinders the development and utilization of youth's potential to the fullest in the nation building. Without appropriate intervention, even the problem may get worse and lead to more socioeconomic crises, given the fact that population is growing, inequality is increasing, necessities for life are becoming more expensive, and most children are born into disadvantaged families with limited opportunities for vertical socioeconomic mobility. Thus, youth problem is one of the most worrying issues, the critical development challenges, and acute security issues in Ethiopia.

Apparently, hence, youth issue is a pressing matter for Ethiopia. It is impossible for the nation to achieve sound development and to secure sustainability without realizing the empowerment of its huge youthful population who can determine both the current and future growth and development of the country. That is, safeguarding and empowering youth, and making an efficient utilization of them is a necessity.

Thus, I would like to provide the following impetuses that may help to ensure youth empowerment.

- ✓ The Government must be increasingly involved, with comprehensive and effective strategies, in enhancing the wellbeing of the young people and in ensuring their empowerment in all aspects.
- ✓ *It must take strong action to improve the* education system in order to produce critical thinkers, innovators, problem solvers, and dynamic and competitive force the nation needs for its socioeconomic transformation. The youth must have skills to manoeuvre through different jobs; they need to be prepared adequately for self-employment and/or for the formal one. Thus, curriculum must match labour market, and education and training centers at all levels should be staffed with qualified teachers and well-equipped with modern tools, equipment, machines and technology to provide the youth with life skills and technological knowhow that would set them on a track of being dynamic and self-reliant. And entrepreneurship courses need to be incorporated in the curricula at all levels to make the culture conducive for the development of entrepreneurship and innovation. Besides, the Government needs to provide incentives to promote entrepreneurship and innovation among the youth.
- ✓ In addition to working to build youth capacity, the Government should work strongly to create more consistent and compatible jobs with good earning opportunities; and it should connect the youth with employment options in local markets and continue to follow and mentor them deep into the career. The Government also must better coordinate and improve the capacity and number of small and micro enterprises. And it must provide youth with an efficient financial service (savings and monitoring systems) for starting up small businesses and for transforming their activities. Also, it should ensure they get adequate training on issues such as financial skills, responsibility, and time management.
- ✓ The Government also needs to work more on enhancing the health of young people. As factors that influence the health of young people are numerous and interrelated (poverty, lifestyle, etc.), health interventions for young people should be multidimensional and comprehensive. Thus, in addition to the above measures, the Government also should provide young people with practical skills and access to adequate quality health services and information on health issues. Especially the Government should properly address the complex issues that underlie adolescent sexual and reproductive health behaviour through community engagement and open discussion to bring positive and sustainable change; young people must be aware and active enough to make the right decisions about health issues. Also, the Government must enable the youth to mobilize themselves and teach each other about the matter.
- ✓ Youth position in decision-making and governance also should be improved. The Government and its agencies, in all its ramifications, must scale up the representation of youth at all levels of government and ensure the meaningful participation of youth in all phases of policy development, including in the design, implementation, monitoring, and evaluation of policies, programmes, and projects affecting

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them and their society. It must make more efforts to increase the number and the quality of youth centers, clubs, associations, and organizations at all levels and to enhance the understanding of the youth about youth policy, constitutional rights, governance, and their negotiating skills to enable them to lift social, economic and political barriers and to better utilize their potential. And, the Government must work hard in cooperation with the young people in combating maladministration, corruption, rent-seeking practices, and other injustices, and in enhancing democratic practices.

- ✓ Moreover, the Government needs to undertake stronger action to address the real constraints to young people in the rural areas, particularly, to improve infrastructures and ensure easy access to resources, services and facilities (including land, credit and loan services, appropriate technologies and information, and quality education and health services). It should strengthen the capacity of the youth in agriculture, create awareness among them to perceive it as a business and commercially viable, make an easy access to high yielding crops to increase profitability of agricultural activities, and boost marketing opportunities for agricultural products. It also should enhance local youth organizations and technical know-how including entrepreneurial activities, and it needs to attract investment to the rural areas to create more sustainable jobs with decent incomes and encourage new on and off-farm job creation and diversify opportunities. Also, stronger actions should be taken to address youth with special needs and other marginalized ones and ensure their inclusiveness and benefit in all aspects.
- ✓ In particular, more commitment is needed to ensure gender equality in all aspects. The Government needs to pay special attention to the empowerment of young women as their situation is worse to a greater extent than that of young men. Women need to be mobilized and endowed with the required knowledge, skills, and productive resources to successfully meet the challenges and fully engage in the societal issues, including in income generating activities and vibrant businesses, and take on decision-making roles in family, community, and society effectively.
- ✓ Generally, the Government must demonstrate strong political will, renew its youth empowerment efforts, and aggressively embark on comprehensive and effective empowerment strategies. It must ensure the broad community engagement and participation from all development partners, sectors, and stakeholders including education, health, agriculture, national employment, sport and science, and the micro and small enterprises development agencies, nongovernmental organizations, parents, teachers, local entrepreneurs, opinion leaders, policy makers, religious bodies, affluent individuals, the private sectors, and all facets of society at all levels to respond to youth issues and problems through integrated and sustainable manner.
- ✓ And close monitoring and evaluation of empowerment programmes and strategies should be regularly undertaken, and the better practices must be identified, scaled up and replicated.

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Determinants of FDI in Afghanistan: An Empirical Analysis

By Noor Rahman Tahiri

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I. Introduction

Trade is a simple economic conception involving the purchasing and retailing of goods and services, with recompense paid by a buyer to a seller, or the conversation of goods or services between parties. In other words, International trade is the exchange of goods and services across international borders or territories (Ben-Porath, Y, 1980).

The determinants of FDI according to the empirical studies are categorized into two sides; demand side and supply side. The demand side contains variables linked to the Afghanistan (country-specific). The source side comprises variables connected to the investing corporation itself (company-specific). Country exact variables maybe will comprise market scope, economic development, equilibrium of expenditures, inflation rates, tax levels, political constancy, and government policies re foreign investments. Afghanistan can possess location exact benefits, such as his national markets, natural properties, and labor power that assist to invite investments by external investors. This study will usually highpoint the second category (i.e., the country exacts variables). Thus, the data and discussions will completely be emphasized on this type of determinants of FDI. This study, thus, aims to examine the dynamics that affect foreign direct investment (FDI) in Afghanistan. Empirical analyses of the factors determining foreign direct investment (FDI) in Afghanistan have employed a variety of econometric specifications. Many previous studies of Afghanistan FDI activity have used a gravity equation, which controls mainly for thee conomic size of Afghanistan,

Foreign direct investment (FDI) is a straight investment into manufacture or commercial in a country by a separate or corporation of a different country, also by purchasing a corporation in the board country or by increasing processes of a current business in that country. Foreign direct investment is in difference to collection investment which is a submissive investment in the safeties of additional country such as stocks and bonds. (Kunle, 2014).

Foreign direct investment is supposed to make significant assistances to growth and economic improvement of host (recipient) countries. Foreign direct investment feeds receiver countries through the capital inflows, technical involvement, human capital improvement and managerial proficiency compulsory for supportable economic development. According to Abdoulaye et al., (2015)

Foreign direct investment concerned with fundamental factors such as stable macroeconomic and political situation as well as credibility of policy reforms. A stable and maintainable macroeconomic situation improvements the sureness of private investors. Decrease in debt load is also dangerous not only for behind both external and financial equilibrium but also for producing confidence to inspire private subdivision investment (Dunning,1993).

The financial limit, mostly cruel for the intensely grateful countries, rapidly explained into a quick discount in investment and development rates in these severely obligated economies. Such weakening in investment and growth rate occasioned in the increasing significance of foreign direct investment as a moderately dependable foundation of capital.

There are mainly two types of FDI horizontal and vertical that serve a different purpose to the investor. If a multinational enterprise wants to expand their business horizontally, they may duplicate the home production of

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goods or services and allocate it in multiple countries (host country). This type of FDI is called horizontal FDI. Vertical FDI on the other hand, serves to allocate fragments of the different production stages of a multinational firm, with the aim of lowering costs. (Aizenman & Marion, 2003; Braconier, Norbäck & Dieter, 2004).

FDI is to utilize raw materials in the host country, or to establish a closer contact to the consumers via distribution outlets (Moosa, 2002).

FDI is defined according to residency the investors purpose being an effective voice in the management of earning either long term capital or short term capital as shown in the nations balance of payments account statement (Macaulay, 2012). Broadly, foreign direct investment includes mergers and acquisitions, building new facilities, reinvesting profits earned from overseas operations and intra company loans. In a narrow sense, foreign direct investment refers just to building new facilities. He believed that FDI encourages the inflow of technology and skills and fills the gap between domestically available supplies of savings, foreign exchange and government revenue. It also encourages the inflow of technology and skills. (Onu, 2012).

Engman, M. (2005). Mentioned in his research paperForeign direct investment (FDI) has long been known as an important source of financing for development in host (recipient) countries. UNCTAD (2012b) finds that FDI positively contributes to host economies, including through higher employment and wages, tax revenue increase, export generation and capital formation. Identifying factors that make a host country more attractive to FDI therefore remains an important policy issue.

Foreign direct investment encouragement the multitude country economy in frequent ways by increasing domestic investment, transmission of technology and human capital founding. Developing countries together with Pakistan necessity huge quantity of capital to stand-in their economy competently. But the funding and credits has a negative impress on country balance of compe-nsation. So, the FDI is preferred for accelerating capital formation that it enforces no financial responsibility on host country at all. Foreign direct investment has a great number of profits that are generation of more profession, increase transmission, enhance managerial and technical skills, refining equilibrium of compensation and normal of current (Falki, 2010). A lot of structures made Pakistan a more attractive location for foreign investments that are the behind: Economy of Pakistan demonstrated approa-chability and potential capability, Huge Pakistan residents and has an incomparable bodily arrangement (Yousaf, Hussain, & Ahmad, 2008).

Foreign Direct Investment is a component of a country's national financial accounts. Foreign direct investment is investment of foreign assets into domestic structures, equipment, and organizations. FDI occurs with the purchase of the "physical assets or a significant amount of ownership (stock) of a company in another country in order to gain a measure of management control. Afghanistan today is the land of countless business opportune (Rosen et al 2009).

Afghanistan's economy is recovering from decades of conflict. The economy has improved significantly since the fall of the Taliban regime in 2001 largely because of the infusion of international assistance, the recovery of the agricultural sector, and service sector growth. (mafhoum, 2016).

In 2001, after 23 years of war and domestic war, Afghanistan was unsuccessful state, the manufacturing production was closed to zero and the country was one of the poorest and most underdeveloped in the world. By no means, the new Government of Afghanistan was starting at point zero. It was aastonishment for most of the western consultants how deep the recently connected government was entrenched in old arrangements. But as new ideas, new methodologies for the regulatory charter and also new characters (in government and business) are toward the inside of the scene, different arrangements and realities are overlapping. (fas, 2016).

Gross domestic products is to the whole market importance of goods and services manufactured within country by anybody who lives confidential the country in given historical of time. It shows the country economy and is used as comparison tools to see how well a country is doing in economic terms. For example, the Gross domestic products of US was 13 trillion Dollars in second quarter of 2011 (Cunningham, 2012). There are three ways to calculate the Gross domestic products of country but all the three approaches are given the same result. The common and direct approaches which are used to calculate the Gross domestic products is summing the total outputs of every economic sector, which is known as product approach. The expenses approaches are calculated as all merchandises must be accepted by people and then the value of total produces must be equivalent to the total expenditures which is completed by the people which leads to zero advantage. The income approaches are on the principle that incomes of productive factors may be equal to the value of their products, by adding all the income of producer, the Gross domestic products will be derived (Kimel, 2010).

In a post-conflict environment, it is a top priority for the central government commences mobilizing revenue so it can quickly provide essential services from its own resources. Revenues in Afghanistan are from two principal sources customs from the international movement of goods, and domestic taxation. This plan is concerned with the second of these sources. It provides

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an outline of the key activities over the next 12 months to mobilize domestic taxation in Afghanistan. (Mof, 2016) Doing business in Afghanistan can be very rewarding. Even smaller investments may generate high profits in a short period of time. And yet, at least for the time being Afghanistan remains a challenging environment even to the most experienced professionals. Access to local know-how and to informal networks is decisive. Careful analysis of market potentials and best strategies for business development are strongly recommended before setting up operations, and sufficient time should be spent on networking to understand local business practices and to find the right partners. (asia., 2016)

Afghanistan has a total of 652864 Km2, about 12per cent of the country total land is arable 3 per cent is under forest cover, 46 per cent is under permanent pastures, and the remaining 39 per cent is mountains and has estimated population of about 30 million including nomadic and returnees. The annual growth rate of population is about 2.03per cent while the GDP is estimated about US$10 billion and per capita income about US$ 415. Currently there is change in the structure of national domestic products; about 37 per cent was the share of services in GDP while the share of agriculture was about 36 per cent and the segment of manufacturing was around 24 per cent. Due to the lack of skills, the national product is taken by the merchants to Pakistan and sometime Pakistani traders earnings the afghan products to external world.

As compare to the pre transitional government, fiscal, monetary, external sector and real sector are improved despite potential growth of the economy is challenged by security, corruption, and other obstacles. Afghanistan has great potential for further growth similar to the most developed nation of the world as it has the vast number of resources with high volume. To give a hint on the available opportunities, there is need to discuss some sample.(afgair, 2016).

Afghanistan is a fast growing emerging market of strategic importance close to some of the largest and fastest-growing markets in the world. Afghanistan is strategically located between the energy-rich republics of Central Asia and the major seaports in South Asia providing a key transit route for central Asian oil and gas to markets in South Asia as well as overseas. Also Afghanistan has natural access to markets of neighboring countries including important fast-growing markets such as China, India and Pakistan.

Afghanistan offers a pro-business minded environment with legislation Favorable to private investments. The principles of a free market economy are incorporated in the new Constitution just as the growth of the private sector is a cornerstone of the National Development Strategy. Consequently, the President as well as the Government has focused intensely on removing obstacles to private sector development.

Afghanistan is rich in natural resources Afghanistan is remarkably rich in mineral resources. There are currently more than 1,400 identified mineral deposits. These include energy minerals such as oil, gas and coal as well as iron and copper deposits of world quality. Furthermore, known precious and semiprecious stones in Afghanistan include emerald, jade, amethyst, alabaster, beryl, lapis lazuli, tourmaline, ruby, quartz, and sapphire. Finally, great opportunities for investments exist within the hydrocarbons industry.

The Government of the Islamic Republic of Afghanistan (GIRoA) recognizes that the development of a vibrant private sector is crucial to the reconstruction of an economy ravaged by decades of conflict and mismanagement. As such, it has taken significant steps toward fostering a business-friendly environment for both foreign and domestic investment. Security threats sometimes limit investors' opportunities to develop businesses in some regions, and certain sectors (such as mining and hydrocarbons) still lack a regulatory environment that fully supports investment. In the face of these challenges, Afghanistan's investment climate has shown surprising levels of dynamism in recent years. (afgair, 2016).

The government wants to achieve a (legal) GDP/capital of 500 USD/year by 2015. This leads to an envisaged annual growth rate of app. 90 per cent. The growth rate in the last years was about 20 per cent but this will slow down as a first “peace dividend” is paid, the agricultural growth will slow down and donor’s contributions will stay at the best at current levels. Therefore, the government and the international community have put in their joint strategic paper securing Afghanistan’s Future broad based economic growth at the center of the policy. The secretive sector is in all papers called “the locomotive of growth. (afghan chamber, 2016)

The objective of this research is to describe the main Foreign direct investment determinants that show capital flow in Afghanistan, to explore impact of Foreign direct investment determinants on economy of Afghanistan and suggest some policies through which Foreign direct investment can be improved in Afghanistan.

This study is consisting of five sections. In Section 1 Introduction; Section 2 literature review; Section 3 data methodology; Section 4 results and discussion; Section 5 provides concluding remarks; Section 6 Limitations and references.

II. Literature Review

In this section, we provide brief literature reviews which investigate the determinants of foreign direct investment FDI inflows across various economies. Najaf, K., & Najaf, R. (2016). Analyzed that the impact of foreign direct investment on the economic

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development of central Asia, Afghanistan and A country particular. For this research we have collected the data from the secondary source. The study was showing that the inflows of FDI are increasing in some countries. In 1992 the inflows of FDI of A country was 258.43 US dollar, at that time the inflows of Afghanistan was nothing. In the year 2007 it was concluded that inflows of A country was us $4374 million. During the 2007 the inflows level in Afghanistan was US$ 289.in this paper it has concluded that the most profitable area are power sector, telecom, education and information technology. thus, our paper is trying to prove that FDI has main role for the development of welfare with the way of providing the welfare society. therefore, the study is trying to suggest that for the enhancement of FDI government of A country and Afghanistan need to remove the political instability and terrorism and should focus on the physical infrastructure.

Agarwal, M., &Atri, P. (2016). Argued that capital account liberalization would immensely benefit developing economies because once capital controls are lifted capital would flow from the capital abundant rich countries to the capital scarce developing countries. This free movement of capital could possibly increase growth thereby lifting millions out of poverty. India has been gradually liberalizing since the 1980s and throughout more capital inflows were observed compared to outflows. Also, the composition of capital flows has been changing since the 1980s – with foreign direct investment (FDI) inflows rising steadily post 1991compared to portfolio and debt flows. However, since 2000, FDI outflows from India have also been witnessed. In this discussion paper, we empirically test the impact of FDI flows on poverty in India for the period 1980-2011. To provide a perspective to India's performance we also analyze the link between FDI flows and poverty for SAARC countries. For a better understanding of how FDI flows impact poverty, we analyze the outflows and inflows separately. Interestingly, we find that in India FDI inflows contribute to increases in poverty whereas for other SAARC countries they significantly reduce poverty. The impact of FDI outflows in India too is in complete contrast with other SAARC countries. While FDI outflows significantly reduce poverty in India, they turn out to be insignificant for other regional countries.

Hällås, K., & Nielsen, C. (2015) Argued that the the effect of country specific characteristics on foreign direct investment (FDI) outflows of ten European countries. The macroeconomic determinants included in the study are income, technology, the current account balance, openness of economy and exchange rate. Previous studies and theories implies that the relationship between these variables and FDI outflows should be positive. This is therefore our expected results. In order to test this hypothesis, we use time series analysis, with an annual frequency of the data. We have a total of 34 observations from 1980-2013. Openness of economy was found to be the most important determinant, since it was statistically significant for several countries. It was also the variable which corresponded the most with our expectations. However, the overall results are inconclusive, and suggests that macroeconomic characteristics may not be good determinants of FDI outflows.

Sauvant, K. P., &Mallampally, P. (2015). Argued that foreign direct investment (FDI) plays an important role in the world economy and has the potential to contribute towards accelerating the process of economic growth and sustainable development in the least developed countries (LDCs). The paper provides a brief overview of recent trends and patterns in FDI flows to the LDCs, and then takes stock of the policies, program and measures pursued by host and home countries and by international organizations to stimulate FDI flows to LDCs and increase their benefits for these countries. It then lays out a number of policy proposals on how flows to LDCs, and the benefits associated with them, can be enhanced. Finally, it outlines some options for international action to strengthen such efforts – proposals and options that are also relevant to other developing countries.

Sikwila. M (2015) mentioned that Foreign direct investment (FDI) is the way of transferring - skills, knowledge, technology and other many intangible benefits of the organization to the host country for production and determination therefore Foreign direct investment can take place for two causes: first, the FDI can be a outcome of home country keeping resources such as diamonds, gold and platinum which can be attractive for foreign companies which finally invest in the home country. Meanwhile the country has natural resources like diamonds, platinum, gold, chrome, coal, between other natural resources such as many countries have the above mineral resources, which is expected to attract foreign direct investment. Second, foreign business would have several benefits in the form of technology and investment at home businesses which do not possess, and this can lead an investment in the homeland which will cases foreign businesses involved in research and development and forward it in revolution and technology which will help some countries. Additionally, without research and development benefits describes the concepts of foreign direct investment which are involved in foreign direct investment at the perspective of markets and its concept with the result of market flaw concept and it emphasizes on market uncertainty, suggestion, deliveries and an incentive to capitalize beside the country.

Yin, F., Ye, M., & Xu, L. (2014).analyzed the location determinants of foreign direct investment in services, both theoretically and empirically. It hypothesizes four sets of factors as the location determinants of FDI in services based on the standard theory of FDI. The generalized investment theory on

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China's foreign direct investment is tested empirically utilizing panel data for 17 provinces and cities from 2000 to 2010. The estimation results provide considerable support for the importance of these factors in determining flows of foreign direct investment within a country. It compares the determinants of inward FDI in services to those of the manufacturing within one framework, and concludes that FDI in services tends to be motivated by market-seeking and client-following purposes, and no particularly new theory for explaining service FDI is required, only an adaptation will do.

Blonigen, B. A., &Piger, J. (2014).Mentioned that the empirical studies of two-sided foreign direct investment (FDI) movement show considerable changes in specifications with slight arrangement on the usual of comprised covariates. We use Bayesian statistical methods that permit one to choice from a large set of applicants those variables maximum probable to be determinants of FDI activity. The variables with reliably high presence probabilities contain old-style seriousness variables, social distance issues, relative labor donation sand trade agreements. There is slight provision for many-sided trade openness, most host-country business costs, host-country infrastructure and host-country organizations. Our consequences propose that numerous covariates originate significant by preceding studies are not vigorous.

Rahman. Z (2014) found out in his research paper that the role of government is very significant regarding policy formation and implementation for giving motivation or making a place to influence the foreign investor and make for having long life contract. And that role will prepare business approachable environment to fulfill the investment, FDI in making capital to develop their services, bring new technology, bring money and used for technological improvement. Foreign Direct investment is a cash movement of funds from one country to another. This technique plays a very significant role to improve a development in the country, positively put impact on the GDP and improve the capitals throughout the country which can totally develop the natural resources as well as human capitals.

Nahidi. M (2014) mentioned in his research paper that FDI is directly related to the globalization of wealth inflows that delivers the chances to participate the national economy with the world economy. Development literatures express that FDI is completely related to economic development in the beneficiary countries However, there are arguments as some practical studies reasons to the connection among FDI and growth in non-linear. These answers make the connection among FDI and Direct Investment (DI) and growth of complex issue. Multi-National Companies MNCs capitalize in general across the world with the purpose of to get full advantage from their incomes Therefore, economies are presenting the most proper investment location to (MNCs) to attract their investment. The suggestions include programs improvement, political permanence, domestic growth interrelated issues, increased national business skills, all issues that will cause growth in FDI in host countries. Financial theory delivers and explains the role played by FDI increase speed in economic development at Present economic growth and established theories meanwhile FDI plays a central role in transferring technological improvement and generating new ideas for explaining economic growth rate.

Abala. D (2014) expressed in her article that Foreign direct investment (FDI) is defined as investment in foreign currency, such as foreign currency, credits, rights, welfares or assets which accepted by a foreign national for the commitments of manufacture of goods and services which are to be sold either locally or exported externally. FDI commonly refers to an investment made to acquire a lasting management in a business enterprise in a country other than of the investors defined. According to placement financial encouragements such as tax payments and grants in aid among other policies to attract FDI into their economies due to the perceived welfares connected with FDI cash inflows. It has been recommended in numerous papers that foreign businesses are capable to positively affects the levels of output and growth rates in the productions they enter to develop skill improvement, increased occupation and innovation.

III. Data Variables& Methodology

One of the important and key reasons of motivation for the study was to determinants of foreign direct investment on GDP in Afghanistan. As FDI is attracted properly, it direct or indirect affects GDP. It permits us to Empirically Analyze the determents of FDI in Afghanistan.

The data of FDI and GDP is taken from the World Data Bank WDB website. This study empirically analyzes the determinants of FDI of Afghanistan. Data is used on annual basis of time series secondary data and covered the period of (2005_2015).

We have used two methods for analyze of the data first simple regression analyze through OLS model that is ordinary least square or least square errors regression or just least squares is one of the most basic and most commonly used prediction techniques among people and researchers in statistics, finance, medicine, economics, and psychology. It measures the accuracy which differentiates it from other forms of regression.

It was invented by the world's well known mathematician in 1795 and rediscovered by Adrien Marie Legendre in 1805. It is easy to implement and apply to problems. It can be easily analyzed mathematically and interpreted. When the distributions of random variables have same variance and zero mean

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then the least squares method is the best unbiased linear estimator of the model coefficients (Gauss-Markov Theorem).

This study applied log to normalize the data and analyzes the impact of Foreign Direct Investment (FDI)on Gross Domestic Product (GDP) in Afghanistan this study has applied simple regression through OLS model for the equation to determine the impact of Foreign Direct Investment(FDI) on Gross Domestic Product (GDP) in Afghanistan. The litterateur review supports the selection of ordinary least square model. (Olowe,S 2014).For the purpose of empirical analysis through OLS methodology the following equation is estimated;

Equation:

$$LOG(GDPt) = \beta_0 + \beta_1 log(FDIt) + e$$

and second in multiple regression those variables that we have selected in our research are based on previous FDI theories and literature.

$$GDFI = \beta_0 + LOGEBGS\beta_1 + LOGEXDEBT\beta_2 + TDSGDP\beta_3 - INFLATION\beta_4 + GFCF\beta_5$$

Where:

GDFI indicates Gross Foreign Direct Investment: Foreign direct investment is described as investment so as to is prepared to obtain a lasting management interest (usually of 10 percent of voting stock) in a venture working in a country other than that of the investor (Host). Source: World Bank (WDI, 2011). Then the determinants of Foreign direct investment is measured by behind variables: External balance on goods and services (percentage of GDP) is indicated as LOGEBGS this variable can be measured by production, and data is taken from World Bank, (WDI, 2011). Total external debt, total (DOD, current US$) is indicated as LOGEXDEBT and define at world bank website as Total external debt is debt allocated to nonresidents repayable in foreign currency, goods, or services. Source: World Bank, (WDI, 2011). Total debt service (per cent of Gross domestic products) is specified as TDSGDP and explained on WD as Total debt service is the addition of principal repayments and interest in fact compensated in foreign currency, goods, or services on long period debt, interest paid on short period debt, and repayments to the IMF. Source: World Bank (WDI, 2011). Expected sign of determinants is positive except inflation. Gross domestic products deflator (annual percent) is indicated as INFLATION and it is calculated by the annual growth rate of the Gross domestic products implicit deflator demonstrates the rate of price alter in the economy as an entire. Source: World Bank (WDI, 2011). Domestic gross fixed capital formation (as a percentage of Gross domestic products) is used in paper as GFCF Indicates capital stock in the host country and the availability of infrastructure. Source: World Bank (WDI, 2011).

IV. Results and Discussion

The results are outcomes of variable and applied simple regression through OLS model. Simple regression is used to check relationship the impact of Foreign Direct Investment (FDI) on Gross Domestic Product (GDP) in Afghanistan.

This section explains the tests which are necessary for the reliability of the data. For this purpose, T-test is used to check the significance of a variable and P-value is used to show acceptance of hypothesis on economic theory. F-test is used to check the overall significance of the model. The result is shown in the following table.

The P value is 0.006 which is less than 5% level. So, variable is significant. T-test is 11.88 which is more than 2 theoretical value so variable is significant. F-test is 0.024 which is less than 5% level. So, overall model is significant at 5% level.

Regression analysis represents a statistic method examining relations of dependencies among dependent and independent variables with the aim to determine the impact of independent variable changes on dependent variable. In general, it can be in the form of time series, cross-sectional or panel data analysis. It occurs very often that the data necessary for modeling are not sufficient, as in the different time (time series) and also in the different space (cross-sectional data). In this case, appropriate solution seems to be the utilization of panel data which represent data set including time series for each space unit.

Although statistical significance and the direction of impact between the dependent variable and independent variable are important with a similar analysis, the variables were transformed into log form because to avoid outlier/fluctuation in data.

Table. A

R Square	Adjusted R square	Coefficients	T -test	P-value	F-test
59.22%	54.7%	5.520904098	11.88	0.006	0.024

Model summary R square (R^2) is 0.5922 It means that 59.22% variation is explained by independent variable (foreign direct investment) in the dependent variable (gross domestic product), which shows weak relationship between the variables.

Co-efficient is 5.52 which mean 1% increase in FDI and GDP is increased by 5.52 units, F-test value is 0.024 which is less than 5%. So, the overall model is significant. T-test value is 11.88 which is more than 2 theoretical value so variable is significant.

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As the methodology discussed above we applied that on variables OLS model to get the results. The result got from the methodology is supported by our literature review in which various researchers also supporting these results. By applying multiple regressions, we get the following equation:

$$GDFI=-8.021745+0.00168\beta+ (-4.33)\ \beta+ 0.024\ \beta -. 0.00128\ \beta+.0.0000\beta-6.38\ \beta$$

As this multiple regression can be interpreted as if there is one-unit increase in LOGEBGS then GDFI is increases by 0.00168 and so on. As the Empirical results are shown that all variables are showing positive coefficient with GDFI except INFLATION as shown in Table A.R-squared is an explanatory power of the model that how our points are matching to the original points of data. Our r-squared from the empirical results is 0.5922 which is above .50 means R-squared is good and results are perfectly predicted. HSK is errors are randomly distributed with constant variance. HSK's value 0.537 the value is more than 0.1 so there is no HSK present in data. So, errors are not randomly distributed with constant variance. Multi collinearity is the pair or more independent variables are co related. VIF value in the results is 2.1584 which is less than 10 so there is no Multi collinearity in data exists. Then to check Auto correlation which is correlation with in errors, if dw-stat is range of between 1.50-2.50 according to liberal researchers and 1.75-2.25 according conservative researcher there is no auto correlation. Our results value is 1.284157 which is even less than liberal researchers value so there is positive auto correlation exists in data so we have to solve it. We solve it through the following command:

Table. B

GDFI	Coef.	Std.Err.	t	P>|t|	[95% Conf.interval]
External balance on goods and services (% of GDP)	0.00168	37.36	-10.85	2.56	(-43.87, -35.25)
External debt stocks, total (DOD, current US$)	-4.33	1.71E+18	11.84	-2.42	(1930480461, 2668188739)
GDP per capita (current US$)	0.0000	11022	13.07	-2.35	(397.6, 607.1)
Gross capital formation (% of GDP)	-6.38	1.764	15.84	2.01	(17.506, 20.319)
Gross capital formation (current US$)	0.024	5.00E+17	6.38	2.17	(2076243428, 3254352988)
Inflation, GDP deflator (annual %)	0.00128	46.17	0.51	-1.24	(2.60, 11.51)
Manufacturing, value added (% of GDP)	-8.021745	5.37	2.29	2.21	(12.874, 16.182)

V. Contusion & Recommendation

The purpose of this research is to describe the main FDI determinants that show capital flow in Afghanistan and to discover impact of FDI determinants on economy of Afghanistan in specific. In this we see significance on gross domestic foreign investment by the, Total external debt total (DOD, current US$), Total debt service (per cent of GDP), Inflation GDP deflator (annual percent), Domestic grossfixed capital formation (as a percentage of GDP). OLS has applied to data collected from WDI. It is concluded, Total external debt, Total debt service and Domestic gross fixed capital formation have positive impact on Gross domestic foreign investment. Inflation has negative impact on Gross domestic foreign investment. We have conducted this study for the reason that after 2005 no study has been conducted by conducting this research we fill this gap.

In the paper we recognized the major determinants of FDI .by seeing at the major determinants of FDI countries can also able to generate FDI policies according to their own economic arrangement. The function of FDI in country enlargement can be stated by the consequences of every of the determinants or by the consequences of every one determinants jointly. In this mode, the function of FDI at the country enlargement can be utilizes efficiently.

Model summary R square (R^2) is 0.5922 It means that 59.22 per cent variation is explained by independent variable (foreign direct investment) in the dependent variable (gross domestic product), which shows weak relationship between the variables. Co-efficient is 5.52 which mean 1per cent increase in FDI and GDP is increase 5.52 units, F-test value is 0.024 which is less than 5 per cent. So, the overall model is significant. T-test value is 11.88 which is more than 2 theoretical value so variable is significant.

Afghanistan had very small amount $ 120 of the per capita income in 2005, it has been gradually increased with coming of the new government through direct support of the international community and throwing billions of dollar in forms of aid, in addition of that foreign direct investment (FDI) further support the overall economic situation of the country, which resulted with further increase of per capita income. The FDI has been increased gradually since 2005 from $ 0.68 million and it reach to the maximum amount of $271 million in 2007 and the big investment was in the telecom sector. Afterward it has been gradually decreased, while the per

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capita income increased and reached to the maximum amount of $ 691 in 2012 and afterward it has been decreased due to the withdrawal of NATO/ISAF and very lengthy election process with the transition of the political power to the new administration.

Role of government is very significant regarding policy formation and implementation for giving motivation or making a place to influence the foreign investor and make for having long life contract. And that role will prepare business approachable environment to fulfill the investment, FDI in making capital to develop their services, bring new technology, bring money and used for technological improvement. Foreign Direct investment is a cash movement of funds from one country to another. This technique plays a very significant role to improve a development in the country, positively put impact on the GDP and improve the capitals throughout the country which can totally develop the natural resources as well as human capitals (Rahman Z, 2014). Based on the literature review the results indicated that there is positive significance relationship between foreign direct investment and gross domestic product of Afghanistan.

Based on the observations and conclusions made during this study, it is recommended that policy makers should focus on the improvement of knowledge and capacity of the human capital. From my point of view, countries with low level of human capital will have low level of FDI effect relatively to countries with high level of human capacity, although it might be inconsequential in some instances.

The reasoning behind the improvement of the level of human capital is that, countries with improved human capital will be in better position to utilize the hi-tech spillover of FDI. Policy makers would allocate 20 per cent of the national budget for improvement in the human capacity development in Afghanistan. Most multinational investors are attracted to countries that foster the protection of property and investment. In my view, lack of adequate contract and property rights enforcement can limit the interaction between foreign and local firms who will invest in an economy.

Following such development, it is recommended that the Afghanistan legal system should be strengthened to protect investors so as create room for economic growth. Other branches of Government interference with the judiciary operations undermine the fair ruling and at such, individual investors, institutional investors and other multinational investors would prefer countries with high judiciary credibility for investment.

VI. Limitations

Prior empirical studies results are unclear that try recognize the impact of individual policies factors on FDI. Labor cost, trade policies and tax rules are not significant in many cases. There are a enormous quantity of empirical studies conducted in which lack of agreement over the conclusions and no descriptive variable that can be extensively accepted. Additionally, not any of these studies significantly manage all the variables examined by early researchers as potential candidate of enlightening FDI. the relation among FDI and numerous controversial variables are extremely responsive to little modifications in information. These studies are based on cross country analysis and our study is based on time series analysis. By using Extreme bond analysis to some extent this problem vague consent over FDI can be resolved but in this research paper this problem is not addressed directly.

The study used secondary data sourced from the World Bank data bank for period (2005-2015). This study was limited to the degree of accuracy though the data was sourced from reliable sources. There was lack of uniformity in how the various organizations capture and maintain their data hence the research could not analyze all the variables in details.

There was lack of sufficient data on some foreign direct investment. Therefore, the researcher was unable to accurately analyze all the foreign direct investment. There are so many other factors that affect GDP growth rate some which are quantifiable and others not. This study only focused on one variable (foreign direct investment on services) which had been identified for analysis.

This research has focused empirically on determinants of foreign direct investment of Afghanistan and gross domestic production of Afghanistan from 2005 to 2015. Therefore, further researcher can take the period from the beginning of the foreign direct investment in Afghanistan up to the current period for the analysis which study can bring the final findings on the topic of the research as well as researcher may consider other economic indicators of the country for the improvement of the country.

As much interest researcher in the field of foreign direct investment and economy of the country, there are very few research studies in the field of foreign direct investment in Afghanistan which related study much needed for the country especially for under developed country due to that the further researcher can do their study in the field of foreign direct investment to contribute to the country. The future researches they may consider the same research topic with similar country as comparative study. The future researches can do the research in the same heading in other countries to improve the knowledge in the field.

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The Proliferation of the Urban Microfinance and its Problems and Prospects in Bangladesh

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Abstract- The goal of this article is to inspect the current status, problems and, prospects of urban microfinance in Bangladesh. This article employs the descriptive research methods based on secondary data. This paper Illustrates the present scenario of urban microfinance by using tables, graphs and the trend analysis. This paper finds that the urban microfinance in Bangladesh has been growing tremendously during the last decades. During the 2006-2017 period, the number of members within the urban microfinance program has increased by 110.69%. Besides the amount of loan amount disbursed in the urban microfinance program has increased by 110.54 % during the last four years (2014-2017). Also, the rate of increases of the total net savings of the urban microfinance members (373.33%) was higher than the rate of increases of the total net savings of the rural microfinance members (152.36%) during the 2009-2017 period. The loan Interest rate varies in between 15% and 30%. With regards to recovering the loan amount, 95% of the microfinance institutions (MFIs) apply the flat interest rate while the remaining 5% of the MFIs use the declining method.

Keywords: urban microfinance, problems and prospects, bangladesh.

GJHSS-E Classification: FOR Code: 140299



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The Proliferation of the Urban Microfinance and its Problems and Prospects in Bangladesh

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Abstract- The goal of this article is to inspect the current status, problems and, prospects of urban microfinance in Bangladesh. This article employs the descriptive research methods based on secondary data. This paper Illustrates the present scenario of urban microfinance by using tables, graphs and the trend analysis. This paper finds that the urban microfinance in Bangladesh has been growing tremendously during the last decades. During the 2006-2017 period, the number of members within the urban microfinance program has increased by 110.69%. Besides the amount of loan amount disbursed in the urban microfinance program has increased by 110.54 % during the last four years (2014-2017). Also, the rate of increases of the total net savings of the urban microfinance members (373.33%) was higher than the rate of increases of the total net savings of the rural microfinance members (152.36%) during the 2009-2017 period. The loan Interest rate varies in between 15% and 30%. With regards to recovering the loan amount, 95% of the microfinance institutions (MFIs) apply the flat interest rate while the remaining 5% of the MFIs use the declining method. The loan recovery rate varied from 94.27 to 98.61 per cent during the 2006-2016 period. Finally, this paper inspires the urban microfinance institutions (urban MFIs) and recommends to concentrate more on the urban poor people to make them economically as well as socially empowered.

Keywords: urban microfinance, problems and prospects, bangladesh.

JEL Code: D14, D04, G21

I. Background of the Study

Bangladesh has a long urban history, although its level of urbanization remains low, in recent decades, it has been experiencing a rapid rate of urbanization. The percentage of population in the urban areas of Bangladesh has raised from 7.9 per cent in 1971 to 35.30 per cent in 2018, of total population (UNDP, 2016, Khan and Phibbs, 2005 and World meters, 2018). Moreover, during the 1971-2018 period, the urban population in Bangladesh has risen by the 1035.59% (World meters, 2018) and it is expected to rise to 83.2 million and 112.4 million in 2030 and 2050 respectively (UNDP, 2016). Table 1 reveals the scenario of the urbanization for the 1971-2050 periods.

Table 1: The Total Urban Population of Bangladesh, 1971–2050

Year	total urban population (as % of total population)	total urban population (in million)
1971	7.90	5.34
1981	15.80	13.39
1991	20.26	22.26
2001	24.10	32.46
2011	31.23	47.73
2013	32.75	51.28
2016	34.90	56.85
2017	35.70	58.74
2018	35.30	60.64
2030*	45.00	83.20
2050*	56.00	112.4

*Source: UNDP (2016), Khan and Phibbs (2005) and Worldometers (2018), *Projected Value*

Consequently, this pressure of urban population has put a severe burden on the housing accommodations, environment and utility services of the cities of Bangladesh. As a result, these new entrants into the city, especially who have a low income are compelled to live in the urban slums (Hossain 2008a). In addition to the tremendous growth of urban population, the cities are experiencing the problems of poverty, social vulnerability, unplanned and inadequate housing facilities, infrastructure problem, social services, contaminated environment, and low quality of physical and social surroundings, political clashes and inefficient urban management (Siddiqui et al., 2000, World Bank, 2007, Hossain, 2010).

Given this background, the *urban microfinance program* was initiated by the microfinance institutions (MFIs) to mitigate the problem of the urban poor living in the urban slums. This paper is an initiative to give an

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overview of the coverage, functions, problems and, prospects of the *urban microfinance program* in Bangladesh.

II. The Objective of the Study

The main aim of this article is to examine the latest status of the *urban microfinance program* in Bangladesh and to identify the problems and prospects of urban microfinance in Bangladesh.

III. Overview of the Literature

Huque (2017) examined the effects of urban microcredit on women's empowerment and found that it fulfills the basic needs of the borrowers but, fails to empower the women in developing the entrepreneurship skills. Nargis and Rahman (2016) examined the effect of microcredit on the consumption patterns of the borrowers within the Dhaka city. Their observation is that it did not significantly improve the consumption patterns of its borrowers. They proposed to increase the size of the loan amount. Bashar and Rashid (2015) explored the potential of the urban microfinance program. They emphasized the issues of enhancing education, development of infrastructure and the informal labour market. Das and Pulla (2014) in their research findings revealed that microcredit could not reduce the poverty of its borrowers, because there were limitations in the current approach of the system. Micro-credit did not reveal the potential of the poor borrower and could not empower the poor.

In summary, some above-mentioned studies highlighted the issues of urban microfinance and urban poverty, one other study scrutinizes the nexus between urban microcredit and women empowerment and yet one more study examined the potentials of urban microfinance. In contrast, our paper has presented a complete overview on the proliferation of urban microfinance that incorporates the data on the members, amount of disbursement, savings, loan and savings interest rates, recovery and funding issues. No previous research studies have covered these issues in a single research paper.

IV. Study Methodology

This paper is quantitative research that has been done by collecting and examining secondary data. The background data were compiled from reliable secondary sources including different survey reports, research articles, brochures and, newspaper articles.

V. Status of the Urban Microfinance in Bangladesh

a) *Origins and Evolution of Urban Microfinance in Bangladesh*

Bangladesh has eight administrative divisions. These are Dhaka, Chittagong (recently renamed as Chattogram), Khulna, Sylhet, Barishal, Rajshahi, Rangpur and Mymenshing (Map 1 presents the map of these eight divisions and maps of divisional cities are in the Appendix). In the divisional cities of Bangladesh, the services of urban microfinance were started between the late 1980s and the early 1990s and increased rapidly since 2005 (InM, 2010). Manabik Shahajya Sangstha (MSS), one of the oldest MFIs, initiated the urban microfinance operation in 1984 through an integrated saving and credit program for the urban poor in the Dhaka city (MSS, 2018).



Source: Wikipedia, 2018

Map 1: The Eight Divisions of Bangladesh

Moreover, out of 705 registered MFIs, about 39% MFIs are operating in the Dhaka division followed by the Rajshahi (17%), Khulna (15%), Chittagong (13%), Rangpur (6%), Barishal (5%), Mymensingh (3%) and Sylhet (2%) division respectively (MRA, 2018). Figure 1 reveals the Break-up total MFIs among 8 Divisions of Bangladesh.

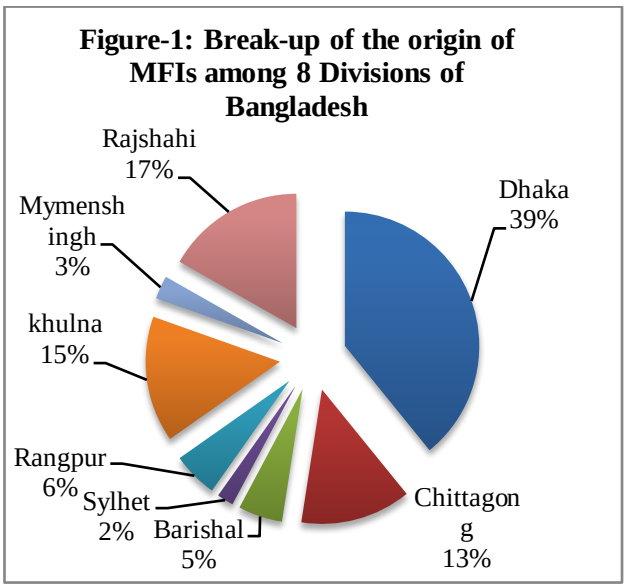

Figure-1: Break-up of the origin of MFIs among 8 Divisions of Bangladesh

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a) Status of Urbanization and Urban Microfinance in Divisional Cities of Bangladesh

The Dhaka, the 3rd largest division of Bangladesh by the area that has 13 administrative districts and 49.72 million population. However, Dhaka, the capital city (excluding the district area) is the most populous and largest city of Bangladesh with 18.237 million population that has been facing the tremendous growth of urbanization and its population is forecast to reach at 27.37 million by 2030 (WPR,2018a), United Nations World Urbanization Prospects (the 2014 revision). Table-2 represents the demographic scenario of Dhaka city for 1975-2030 period.

Table 2: Population of the Dhaka City during 1975–2030 Period

Years	Total population (in million) of Dhaka city	Percentage of the total urban population
1975	2.20	-
1991	6.48	29.11
2001	10.07	31.02
2011	14.54	30.46
2014	16.98	-
2016	18.23	33.16
2030	27.37	-

Source: (BBS, 2003, 2011) United Nations (2014), WPR (2018a)

However, among the 18.237 million urban population of the Dhaka city, 2.23 million people live in the low-cost slum and shanty (BBS, 2015). They are the target group of the MFIs in the Dhaka city. Currently, about 274 MFIs are working in the Dhaka division while 157 MFIs are providing their services in the Dhaka district (MRA, 2018). The Manabik Shahajya Sangstha (MSS) first started urban microfinance in the Dhaka city way back in 1984. Table 3 highlights the initiators of the urban microfinance program in the Dhaka city. After that, the SAJIDA Foundation, another renowned MFI, started its urban microfinance program in 1987 through a small family-funded school for underprivileged children in Dhaka city. In 1993, it disbursed formal micro-credit to some urban poor women in the Old Dhaka (Sajida, 2018).

Table: 3: List of Some Initiators (MFIs) of Urban Microfinance in Bangladesh

Name of MFIs	Established	Initiated Urban MF	City/Urban area
Manabik Shahajya Sangstha (MSS)	1977	1984	Urban Dhaka
Sajida Foundation	1987	1987	Dhaka
PROSHIKA	1975	1990	Urban Dhaka
Shakti Foundation	1992	1992	Dhaka, Urban slums
DSK	1988	1992	Dhaka
Social and Economic Enhancement Program- SEEP	1985	1995	Dhaka, Urban slums, Mirpur
Safe Save	-	1996	Dhaka
PKSF	1990	1999	Dhaka
Intervida (Spain based) 1994, in Bangladesh	1999	1999	Urban Dhaka
BURO Bangladesh	1990	2004	Uttara, Dhaka
BASA – Bangladesh Association for Social Advancement	1991	2007	Taltala slum of Mirpur, Dhaka
BRAC	1972	-	Urban Slum in divisional cities
ASA	1978	-	Urban Slum

Source: websites of the above MFIs. Collected and formatted by the author

In 1990, Proshika initiated their first operation in the urban areas through their Urban Poor Development Program (Khaze Alam, 1996). Since 1992, the Shakti Foundation has been offering microfinance services to women residing in the slums of the Dhaka city (MFIRB, 2009, SHAKTI, 2018). In the same year, DSK (Dushtha Shasthya Kendra) offered urban microcredit through the Grameen Bank model in an urban slum of the Dhaka city (DSK, 2018). Also, the Safe Save, a savings and credit cooperative gained international fame for its

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success in the individual lending model in the urban Dhaka since 1996 (MFIRB, 2009). Furthermore, the SEEP (Social and Economic Enhancement Program) started its urban microfinance program in 1995 for the slum children in Mirpur-11 of Dhaka. Besides, it offered different programs for the hard-core child laborers at Ward-5 in Mirpur who were employed in handlooms and embroidery activities (SEEP, 2018). In 1999, PKSF (Palli Karma Sahayak Foundation (PKSF) - a specialized government organization, expanded its coverage in the urban areas by starting urban microcredit (UMC) program for the urban poor (PKSF, 2018). In the same year, the Intervida, a Spain based international NGO has begun its operation in the urban slums of Bangladesh.

Additionally, since 2004, the 'BURO Bangladesh' has been providing Microfinance services in urban areas of Dhaka (Uttar Khan, Dakkhin Khan, Turag, Uttara) through their Economic and Social Empowerment of the Hard Core Poor (ESEHP) program. Moreover, during the last two years, it designed another program- 'Hard Core Poor Development Program' for the rural and the urban poor (BURO, 2018). In addition to microcredit, the BRAC provides education and health services to the urban slum population. In 2007, it initiated Manoshi, a community-based healthcare program, at urban slums of nine city corporations in Bangladesh (Manoshi-BRAC, 2018). It also arranges school services for urban poor child (EAC, 2018). Besides, ASA-another MFI- extended its services through 316 branches in urban areas and provides several types of credits, savings, micro-insurance and, loan security products in the urban areas (ASA, 2011). It should be mentioned that a large number of MFIs provide urban microfinance, but the starting year of urban Microfinance is not found on their website.

b) Status of Urbanization and Urban Microfinance in other Divisional Cities of Bangladesh

The Chittagong city is the second largest city of Bangladesh by population. In this city, the urban population grew by 51.35 % between 2011 and 2018 (BBS, 2011b; WPR 2018b). Moreover, out of 3.92 million population; currently, 0.48 million people live in the urban slums (BBS, 2011b; WPR 2018b). One relevant piece of information is that about 40 MFIs are working in Chittagong city, of which 29 MFIs were founded in Chittagong (MRA, 2018).

The Khulna city is the 3rd largest city of Bangladesh regarding population, with a population of 1.34 million. During the last seven years, the urban population grew by 101.93% (BBS, 2011c). About 30 MFIs are working in this city, and 19 of them are Khulna based. These MFIs are working in this city among the 0.079 million urban slum population and other people (MRA, 2018; BBS, 2015).

Table 4: Population of 8 Divisional Cities of Bangladesh

City	2011	2018
Dhaka	about 9 million	18.237 million
Chittagong	2,592,439	3,920,222
Khulna	664,728	1,342,339
Rajshahi	449,756	700,133
Barishal	328,278	400000
Rangpur	796,556	-
Sylhet	485,138	-
Mymensingh	225,126	-

Source: compiled by the author from BBS (2011), WPR (2018)

Also, Rajshahi, the 4th largest city of Bangladesh with respect to the size of the population that has 0.7 million people (WPR, 2018a). The urban population has grown by 55.66% between 2011and 2018 (BBS, 2011, WPR, 2018). About 30 MFIs are offering their services in the Rajshahi city, of which 19 MFIs were founded in the Rajshahi. The target group is the urban slum population of 0.038 million (MRA, 2018, BBS,2015).

Rangpur city is the 5th largest city in Bangladesh regarding population, with a population of 0.34 million (WPR, 2018). Given this background, about 20 MFIs, including 12 local MFIs, have been doing microcredit operations in the Rangpur city among the 0.021 million urban slum population (MRA, 2018, BBS, 2015).

Barishal is the 6th largest city of Bangladesh by the population that has a population of 0.32 million (BBS, 2011). More than 20 MFIs are providing their services in this city; of which 16 MFIs are local (MRA, 2018), they provide services mainly for 0.038 million urban slum population (BBS, 2015).

Sylhet city has a population of 0.23 million, and it is the 7th largest city of Bangladesh by population (WPR, 2018). Currently, about ten MFIs including three local MFIs are working in the Sylhet city among the 0.050 million urban slum population (MRA, 2018, BBS, 2015).

Finally, Mymensingh is the 8th largest city of Bangladesh by population and it has 0.22 million population (WPR, 2018). Currently, about 15 MFIs including ten local MFIs are working in the Mymensingh city (MRA, 2018).

c) Status of Urban Microfinance in Bangladesh

The urban micro-finance programs have been flourishing day by day in Bangladesh. According to the statistics of Microcredit Regulatory Authority (MRA), among the 705 registered MFIs, 220 MFIs are working in cities, and 84 MFIs are working only in the urban areas (Bashar and Rashid, 2012, MRA, 2018). To note that BRAC is the largest MFI in Bangladesh but its operation is highly concentrated in the rural area. Recently it has widened services in urban areas. BRAC and TMSS both have 244,766 and 120,081 active borrowers in the urban areas respectively (Bashar and Rashid, 2012).

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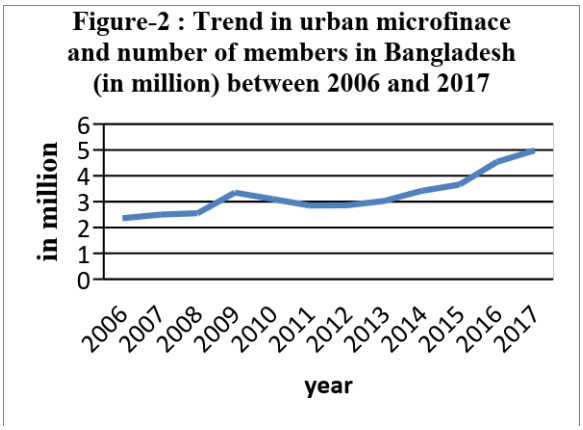

Figure-2: Trend in urban microfinace and number of members in Bangladesh (in million) between 2006 and 2017

However, in Bangladesh, commercial banks and two specialized banks (BKB, Bangladesh Krishi Bank and RAKUB, Rajshahi Krishi Unnauan Bank) also offer microfinance services. Before the appearance of the modern microfinance sector, these banks would provide microcredit in agriculture and trade sector. Besides Bangladesh Small Industries and Commerce Bank Limited, BASIC Bank provides microcredit to the urban poor through linkages with NGOs (BASIC, 2018). Among the commercial banks, they provide Microcredit to individual borrowers mostly in urban centers. The Sonali bank, the state-owned largest commercial bank provide microcredit for the urban poor of Dhaka, Chittagong and Sylhet through the 'Credit for Urban Women Micro-enterprise Development (CUMED) Project' (Sonali bank, 2018). Also, among the private commercial banks, the Islami Bank Bangladesh Ltd (IBBL) has replicated the 'Grameen group-based lending model' and currently has been offering 'Urban Poor Development Scheme (UPDS)' since 2012 (InM, 2013, IBBL, 2018).

d) Number of Members and Borrowers in the Urban Microfinance Program

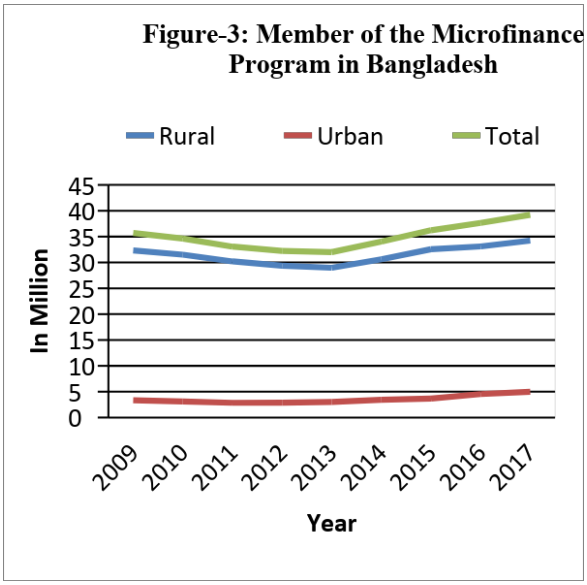

Figure- 3: Comparative scenario between the Trend in Overall, Rural and Urban Microfinance members in Bangladesh during the 2009-2017 period (in million)

Furthermore, the urban microfinance growth shows an upward trend during the last 12 years from 2006 to 2017. The urban micro-finance programs have 4.9 million active members that comprise 4.29 million women and 0.68 million men respectively. The recent statistics (CDF, 2017) reveal that, during 2006-2017 periods, the members in the urban Micro-finance program increased by 110.69%. Moreover, the growth rate of a total number of members in the urban microfinance (48.30%) is higher than the growth rate of rural microfinance (5.83%) during the 2009-2017 period. Again, between 2009 and 2015, the average number of members per MFI in the urban areas (60.58%) grew more than that of rural areas (48.23%) (CDF, 2016a, CDF, 2016b). Figure-3 depicts the membership scenario of the microfinance program of Bangladesh.

e) Disbursement of the Loan and Loan size

The amount of the disbursed loan in the Rural Microfinance sector was BDT1031385 million that was 485.50 % higher than the total loan of the urban microfinance program. Though the loan in the urban microfinance program increased by 110.54 % during the last four years (2014-2017) compared to the rural microfinance loan (83.01%), but the gap in the loan amount between the rural and the urban microfinance program is also widening by 78.21% in the same period. The Figure-4 illustrates this scenario.

Furthermore, urban MFIs offered a wider loan range for urban members compared the case with the rural members. For example, in ASA, loan range for urban members (BDT 6,000 to BDT 20,000) was higher

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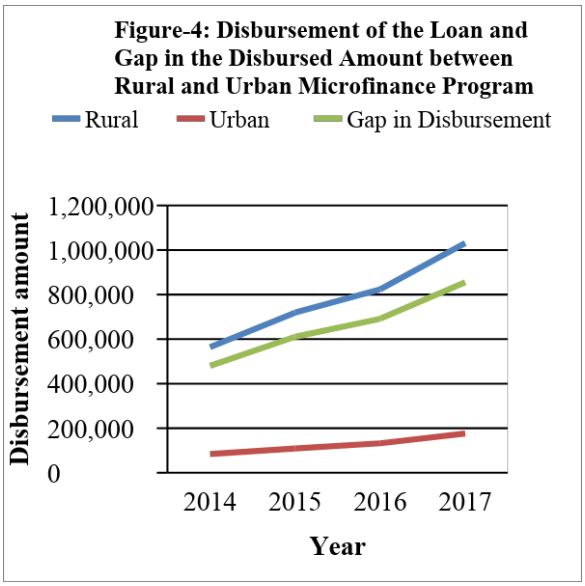
than that of the rural members (BDT 4,000 to BDT 6,000) (ASA, 2003).



f) Savings

Moreover, during the last nine years, the rate of increases of the total net savings of the urban microfinance members (373.33%) was higher than the rate of increases of the savings of the rural microfinance members (152.36%). Similarly, the growth rate of the net saving per MFI in the urban microfinance (372.72%) was higher compared to the rural areas (192.72%). The probable cause of higher growth in the total savings amounts of urban microfinance is the rapid increase in the coverage of MFIs in urban areas. But the average yearly savings of the rural microfinance program stood at BDT 199,969.88, that is higher than the savings of urban microfinance program (BDT18,957) during 2009-2017 period. A large number of members of the rural microfinance accumulate an amount of savings whereas the members of urban microfinance are smaller in number compared to the rural microfinance.

g) Sectoral Coverage

However, diversification of using urban microfinance has been expanded day by day. Most common businesses or areas of using urban micro-finance are cosmetics business, handy craft, pottery, fish selling, furniture shop, hotel/restaurant, iron shop, rice selling, electric shop, selling chatpati, tea stall, vegetable business, wood-fuel business, cloth/saree business, fruit selling, petty shop keeping, tailoring, scrap material business, rickshaw and garage business etc. (InM field survey 2009).

h) Loan Price: the Interest Rate

However, the reducing balance and the flat model is applied to determine the loan interest rate of MFIs. The flat method is costly for the borrowers compared to the reducing balance technique. Consequently, the declining balance method is beneficial for the borrowers whereas it generates lower profit for MFIs than that of the flat methods (Water field and Duval (1996), Rosenberg (2002)).

According to Bangladesh Microfinance Statistics (2007 and 2018), 95% of the MFIs follow the flat mode while only 5% of the MFIs implement the reducing balance technique including Grameen Bank and RDS (IBBL). Moreover, PKSF- one of the top domestic financiers of MFIs in Bangladesh, charges the 12.5 per cent flat rate on its follower MFIs and declining balance method as 25 per cent. The Microfinance Regulatory Authority set a ceiling of 27% declining interest rate for MFIs (Badruddoza, 2011; CDF, 2016a). Besides, several microfinance institutions impose different fees, for instance, processing charges, operation cost, etc. on its borrowers (Bashar and Rashid, 2012). However, the Microcredit Regulatory Authority (MRA) has also fixed the minimum savings interest rate at 6% per annum. Moreover, it varies from 6 to 10% per annum among MFIs in Bangladesh (CDF, 2016a).

i) Loan Recovery

In the case of loan recovery, the average recovery rate was 99.5 per cent in urban areas. It varied from 94.27 to 98.61 per cent during 2006-2016 periods (CDF, 2017).

VI. The Problem and Prospects of Urban Microfinance in Bangladesh

a) The Problem of Urban Microfinance in Bangladesh

Rapid urbanization in Bangladesh increases the poor people in urban areas and shifts the poverty from the rural areas to the urban areas. But urban MFIs do not have required funds, infrastructure, workers and technology to provide services for the migrant poor. Out of 705 MFIs in Bangladesh, only 50 MFIs work only in the urban areas, and 220 MFIs provide some services for the urban poor (Bashir and Rashid, 2012; MRA, 2018).

Moreover, climate change is another cause of suffering, displacement, and migration of rural people that increase the urban population. There is a possibility of the dislodgment of about 20 million people from the villages and expected to migrate to the town areas. It also threatens the urban Microfinance program (Hermes, 2011).

Furthermore, urban members of MFIs face higher interest rates due to a gap between demand and supply. On the other hand, the extremely poor people cannot enter into the coverage of MFIs because of their level of poverty. The most important point is that several MFIs are functioning in the same urban slums while many areas are untouched by the MFIs (Bashar and

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Rashid, 2012). In recent years, the urban MFIs face some difficulties in portfolio quality, human resources management, application of information and comm.-unication technology and support for business expansion (InM (2009)). Another finding is that, about 33.4% MFI members in the urban Dhaka not yet taken any loans from MFIs (CUS, 2006).

Furthermore, A BRAC's research finds that cash and food provided by MFIs are consumed by the recipient because of extreme poverty. So, training and capacity building program is essential to building up their livelihoods by strengthening materials and social assets. BRAC urges the MFIs to provide both cash payments and an asset, such as a cow, along with functional education, health-support services, social protection schemes, and rights awareness building" (Lewis, 2011, Sharma, 2018).

Another problem is that most of the urban members reside in the slum and most of them have no adequate literacy and numerical competence. Besides, they have no stable home due to frequent slum ejections; that further jeopardizes the recovery of loans (MFIRB, 2009).

Hulme and Aron (2009) mentioned in their research that, "the poor can save, do save, and want to save money." But insufficient financial services in the urban slums make it difficult for the poor to save money in a safe place.

Besides, Bangladesh has not taken full advantage of the potential of urban microfinance. Microfinance institutions have the potential to build social capital and to implement both national and local level programs. It may further make an innovative change in the urban poverty policy. It needs investment in infrastructure and housing, informal sector labor and nursing education (Bashar and Rashid, 2015).

Also, demand and supply gap is higher in urban areas that further increase the interest rate of the loan. The demand is at least three times greater than the supply of credit. The study of Rashid (2012) shows that around 72.9% borrowers want more credit than they received.

The threat is that many members and borrowers spend the loaned money in unproductive or non-income-generating purposes, for instance, food and non-food consumption, entertainment, buying cloth, home materials, TV, mobile phone set, furniture, jewelry, and in medical treatment and house repairing purposes, etc.

b) Prospects of Urban Microfinance in Bangladesh

Urban micro-finance institutions has many advantages compared to rural areas such as lower transaction costs of services, large number of women's participation rate, high recovery rate, higher level of net saving growth compared to borrowing rate, urban economic environment, and urban informal sectors and diversified economic opportunities for urban people (Bashar and Rashid (2015).

Due to the activities of MFIs in urban areas, average numbers of borrowers per institution (ABI) and average loan size (ALS) in Bangladesh have increased day by day. Moreover, Bangladesh has 18 MFIs (including both rural and urban) in the list of most influential and active MFIs in South Asia that ranks South Asia as the 4th biggest Microfinance region in the world (Harmincova and Janda, 2014).

We note that the MFIs build social capital, that is an asset capable of producing further products and services. Social capital makes the poor, capable to get urban services. Besides, it increases the income, asset, entrepreneurship development, employment creation, social well-being and low rates of vulnerability (Prema, 2010, Bashar and Rashid, 2015).

It is the matter of great hope that recently many programs were developed by the national and international MFIs to make the microfinance program more effective. The Sajida foundation adopted such a program named, OPTIX, Optimizing Performance through Improved Cross (X)-Sell, to provide support for the MFIs and cooperatives in four countries–Bangladesh, Mexico, Colombia, and Vietnam. Met-life foundation, USA funded this program (Sajida, 2018).

The sector activities of the rural Microfinance program are confined to agriculture, poultry, and livestock, handy craft, etc., but the potentials of an urban microfinance program regarding employment creation, expansions of unregistered business are higher than the rural Microfinance program. Besides, women's participation in urban Microfinance is also higher because of having better access to financial and non-financial resources and the labor market, better influence in the family and more freedom of movement, etc. (PKSF, 2015).

Finally, the average loan size is increasing day by day for expanding businesses or to start a new micro-enterprise in the urban microfinance program. It is the sign of improvement of economic conditions of the borrowers by using the urban microfinance (InM field survey 2009).

VII. Conclusion and Policy Recommendations

Finally, we note that, though the size of the urban microfinance program is small compared to the rural microfinance program, actually it has potential. This is the case because the growth of the urban microfinance program is higher than the rural microfinance program for a large number of indicators such as the number of members, loan amount disbursed, members' savings, increasing coverage and recovering the loan. This paper recommends the

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following steps to strengthen the urban microfinance program.

1. The Microfinance Regulatory Authority (MRA) does not provide separate data on the urban microfinance program. They should update data on it to measure the performance of urban microfinance program.
2. The MFIs do not provide loan for the extremely poor people, who have no tenure security, as the floating population. The Government should rehabilitate them with collaborations and joint projects with the MFIs and the donor agencies.
3. The higher interest rate on loans still causes a problem in the microfinance program (this varies between 15 and 30%). In contrast, the savings interest rate of the borrowers differs from 5% to 8%. The MFIs should reduce the gap between the loan and the savings interest rates.
4. The inherent goal of the microfinance program is to empower the marginal people and reduce poverty, through informal financing, but not the only profit earning. Therefore, in addition to microcredit, the MFIs should also increase the nonfinancial services.
5. The MFIs should apply the declining method instead of the flat method in collecting the loan. In Bangladesh, more than 90% of the MFIs apply flat method. From loan receivers, this flat method does not protect their interests.
6. Funding of the MFIs is still a problem that affects the loan interest rate. The MRA may create a fund with the help of the donor agencies and supports from other offices of the Government.

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Appendix



Source: Media Bangladesh (2018)

Map-1: Dhaka City Corporation

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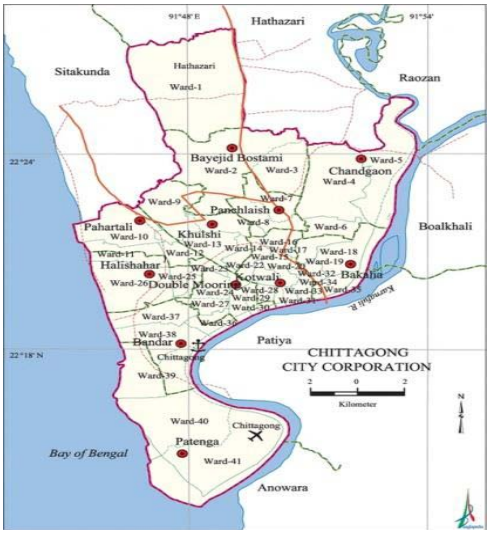


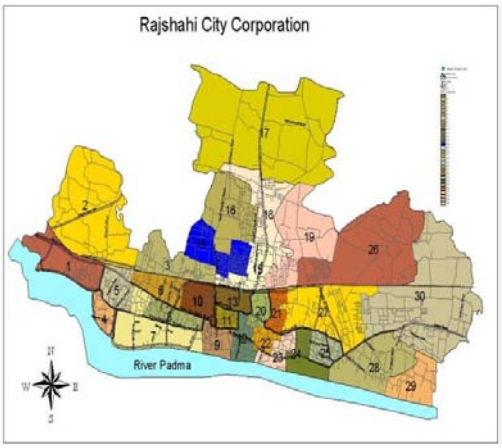
Source: Banglapedia (2018)

Map-2: Chittagong City Corporation



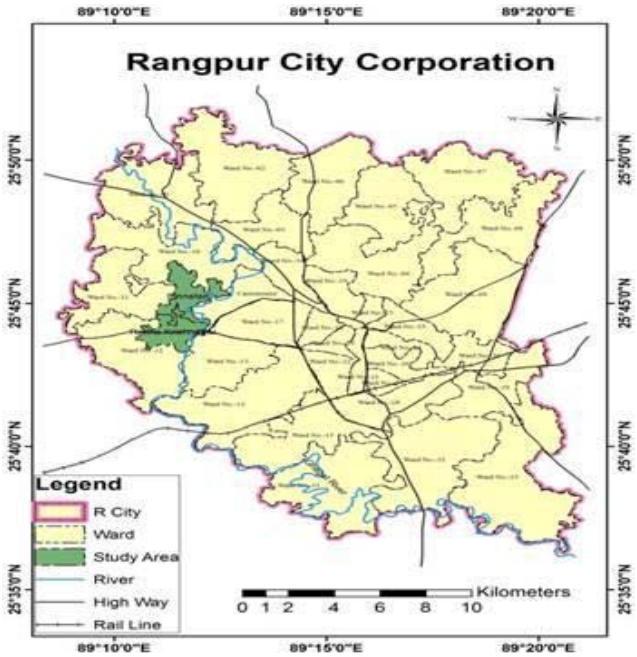
Source: KCC (2018)

Map-3: Khulna City Corporation



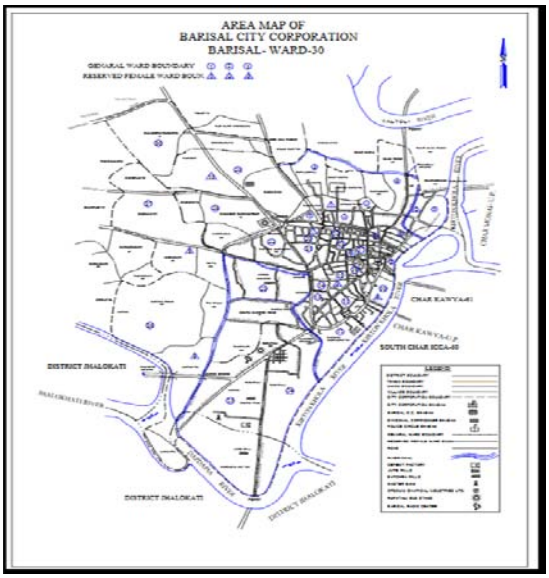
Source: RCC (2018)

Map-4: Rajshahi City Corporation



Source: Bassar and Habib (2017)

Map-5: Rangpur City Corporation



Source: BCC (2018)

Map-6: Barisal City Corporation

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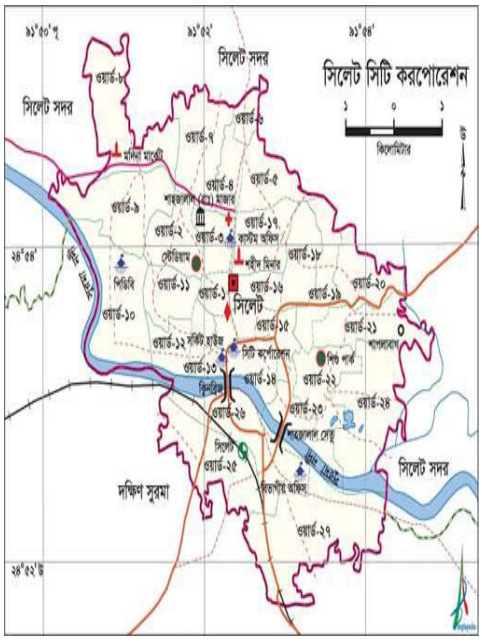

Source: SCC (2018)

Map-7: Sylhet City Corporation

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FELLOWS

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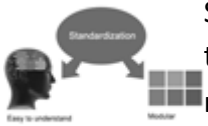

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- Fellow can also join as paid peer reviewer and earn 15% remuneration of author charges and can also get an opportunity to join as member of the Editorial Board of Global Journals Incorporation (USA)
- • This individual has learned the basic methods of applying those concepts and techniques to common challenging situations. This individual has further demonstrated an in–depth understanding of the application of suitable techniques to a particular area of research practice.

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"

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- In case, the chairperson needs to be replaced then consent of 2/3rd board members are required and they are also required to jointly pass the resolution copy of which should be sent to us. In such case, it will be compulsory to obtain our approval before replacement.
- In case of "Difference of Opinion [if any]" among the Board members, our decision will be final and binding to everyone.

"

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- Author name in font size of 11 in one column.
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g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

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12. Know what you know: Always try to know what you know by making objectives, otherwise you will be confused and unable to achieve your target.

13. Use good grammar: Always use good grammar and words that will have a positive impact on the evaluator; use of good vocabulary does not mean using tough words which the evaluator has to find in a dictionary. Do not fragment sentences. Eliminate one-word sentences. Do not ever use a big word when a smaller one would suffice.

Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.
Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

19. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

20. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

21. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

22. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

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Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

The introduction: This will be compiled from reference matter and reflect the design processes or outline of basis that directed you to make a study. As you carry out the process of study, the method and process section will be constructed like that. The results segment will show related statistics in nearly sequential order and direct reviewers to similar intellectual paths throughout the data that you gathered to carry out your study.

The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

To make a paper clear: Adhere to recommended page limits.



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Mistakes to avoid:

- Insertion of a title at the foot of a page with subsequent text on the next page.
- Separating a table, chart, or figure—confine each to a single page.
- Submitting a manuscript with pages out of sequence.
- In every section of your document, use standard writing style, including articles ("a" and "the").
- Keep paying attention to the topic of the paper.
- Use paragraphs to split each significant point (excluding the abstract).
- Align the primary line of each section.
- Present your points in sound order.
- Use present tense to report well-accepted matters.
- Use past tense to describe specific results.
- Do not use familiar wording; don't address the reviewer directly. Don't use slang or superlatives.
- Avoid use of extra pictures—include only those figures essential to presenting results.

Title page:

Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- Single section and succinct.
- An outline of the job done is always written in past tense.
- Concentrate on shortening results—limit background information to a verdict or two.
- Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- Explain the value (significance) of the study.
- Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.



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Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

The Administration Rules

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Please read the following rules and regulations carefully before submitting your research paper to Global Journals Inc. to avoid rejection.

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Topics	Grades		
	A-B	**C-D**	**E-F**
Abstract	Clear and concise with appropriate content, Correct format. 200 words or below	Unclear summary and no specific data, Incorrect form Above 200 words	No specific data with ambiguous information Above 250 words
Introduction	Containing all background details with clear goal and appropriate details, flow specification, no grammar and spelling mistake, well organized sentence and paragraph, reference cited	Unclear and confusing data, appropriate format, grammar and spelling errors with unorganized matter	Out of place depth and content, hazy format
Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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