

# ECONOMIC INSTITUTIONS AND ECONOMIC DEVELOPMENT IN ABORIGINAL COMMUNITIES IN CASE OF BENISHANGUL, ETHIOPIA

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## ABSTRACT

*The paper, aims to address the economic institutions, and economic development, in Aboriginal community in Benishangul, by reviewing different economic theory and emerging field of economic institution and other empirical case studies in order to point out little of economic disadvantageous of Aboriginal community in the region. Aboriginal community in Benishangul have occupied a huge and large resources land, Aboriginal account large of population from total population of the region, but within all of the above opportunities basic developments fall under a great questions. Economic development is seen as the best way for Aboriginal communities to improve their welfare and lessen the considerable disadvantages they suffer. Unfortunately, the economics profession has shown little interest in their plight. Agricultural and resource economists have much to offer in helping to foster economic development in Aboriginal communities throughout Benishangul. Suggestions are made as to various ways in which our particular interests and experiences can hopefully be applied.*

**Keywords:** Benishangul, Aboriginal, Economics disadvantageous, Economic Institutions

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## PART ONE

### INTRODUCTION AND MOTIVATIONS ISSUES

#### INTRODUCTION

I felt disappointment that in the any session at every annual conference here in Assosa University, any research program at regional level or policy related events where the speakers put forward their ideas about the major research and policy issues to be tackled by the professions, there were no mention of the problems faced by Aboriginal communities in Benishangul<sup>ii</sup>. There is no doubt that Aboriginal communities and most Aborigines are significantly disadvantaged with respect to most other Benishangul in specific and Ethiopia communities – a disadvantage that I would argue is basically due to lack of economic development. I believe that the agricultural and resource economics profession can make a considerable contribution to the improvement of their circumstances through the advice it can provide about economic development. Our research and practical experience in areas such as agricultural policy and farm management, natural resource management, and institutional development, and the increasing amount of work our members are doing in developing countries, can be usefully applied to the issues that I believe are most relevant to fostering economic development in Benishangul Aboriginal communities.

I do not claim that the disadvantages suffered by Aborigines are solely due to the lack of economic development of their communities or their lack of access to economic opportunities available in the wider economy. However, without providing any robust evidence, I would argue that a major part of their disadvantage is for this reason. Moreover, in making this claim, I would argue that discriminatory attitudes have contributed to their present plight and that a substantial argument can be made for special efforts in their favor to overcome their present social and economic disadvantages.

Given the enormity of the situation, there has been surprisingly little work by the wider economics profession on issues related to Aboriginal disadvantage in Ethiopia. I suspect that this reluctance

has stemmed in part from the fact that it is a politically sensitive area and also one that is subject to academic jealousies. However, if this is the case, such sensitivities should be ignored in the interests of the Aboriginal peoples, especially if, as I believe, economists, and agricultural and resource economists in particular, have so much to offer.

Given the large areas of land that Aboriginal groups have gained control over in one form or another in recent years, there are very important questions about how this land will be managed, whether for agricultural or other activities. Agricultural and farm management economists can contribute a great deal through advice on how best to manage these lands. In many cases, these lands are highly susceptible to environmental problems and natural resource economists can help with advice on that topic. There is the high probability that further mineral resources will be discovered on Aboriginal land, which has implications for management of the resource rents accruing from mining projects. Resource economists can advise on the design of mining contracts, mineral taxation policy and management of resource revenues such as through trust funds. The form of land tenure under which most of this land is presently held is customary ownership or common property. In recent years, a great deal has been learnt about the management of common property resources, and when collective action may be the best way to manage externalities. Nevertheless, land tenure has evolved in all societies, and it will be no different in Ethiopia, the tenure over considerable areas of land has changed from crown land, individual leasehold, and individual freehold to common property under Aboriginal ownership. However, common property tenure and management has not proved to be the best form of management for growth in productivity. Therefore, as in other countries, over time there will be pressure for change to some form of individual land title. This kind of change is a basic form of institutional change. Agricultural and resource economists have largely led the way in Ethiopia in analyzing how the new institutional economics can assist in creating a better basis for economic development in lower-income countries, and this knowledge can be very usefully applied in Ethiopia.

## **MOTIVATIONAL FACTORS**

The famous motivations of this article is the rising of the different conflict around Aboriginal community, with the government policy or with each other's resources demands, lack of basic infrastructures as concern Aboriginal community and of course a clear economics disadvantageous in different aspects was the alarming factors for this paper. Additional the misuse of natural resources, lack driven institutions for basic and sustainable developments in case of developing countries, finally the need for critical concern of political strategies changes to leads a pro-poor development program and the future alarming environmental degradations'.

## **PART TWO**

### **INSTITUTIONS ISSUES**

This part discusses institutional aspects and thinks related to institutional theories. In addition, it drew some conclusions about what and which intuitional aspects should contribute well to alleviate the existing developments problem of aboriginal community in Benishangul, Ethiopia.

#### ***Institutions And Aboriginal Community***

In the recent years, there has been a rise in interest in the study of the institutions in economics. This is because of the inadequacy of the neoclassical theory in dealing with a set of issues like uneven performance of economies in space and time, persistence of inefficient institutions, role of ideology in choice determination of individuals, and rationale and effect of the rule observing behavior, etc (North 1997). These inadequacies were attributed to both conceptual and methodological frameworks used in the neoclassical theory. Further, the neoclassical economics does not deal with the incentives and behavior of political actors, or the influence of political process on target for growth, stability, and pollution abatement regulation in agriculture or the

division of public investment among sectors and enterprises (Eggertsson 1997). The neoclassical economics completely ignores “power” dimension in policy-making (Schmid 1978). The framework is also being criticized for its isolated nature in that it does not encompass the reality and efficacy of transaction costs (Williamson 1990). This is due to greater focus on a few key variables like price, quantity, etc. Further, the framework offered no scope to integrate politics into economics to capture the real time phenomenon of economic outcome as influenced by political institutions. Institutions are taken for granted for observing the social rules, conventions and other elements of the structural framework of social interaction in the mainstream economics. They are often pushed so much into the background that many of their central propositions are sometimes stated with false notion of institutional neutrality (Bardhan 1989). These inadequacies led economists to look for an alternative framework for analyzing economic phenomena with explicitly studying interaction of institutions with these phenomena.

So having the above institutional facts, Aboriginal communities, have their own indigenous or cultural guideline, for their life cycle and strong informal institutions which have a drive them up to the modern institutions. However, to compete with new one historical thing should be taken in to the account. because it can play a great role on setting the genuine platform for the new economic or developments institutions. Nevertheless, the fact and figure which we are observing from the recent living standards of Aboriginal community are, potential of natural resources are hugely available however it lack compatible institutions to come up with potential to actual. Someone can observe many institutions are newly introduced; unfortunately, the institutions are imported that totally are not much with the reality of aboriginals in Benishangul. Surely, I believe that only researches are required not importing institutions and the trustfulness in most case of least developing like Aboriginal community in Benishangul, they are lacking of having huge potential of resources while, being economically disadvantageous and the guidance institutions are imported. Of course it may require robust economic data to say that until the beginning of FDRE government Aboriginal community have had used natural resources, a great number of livestock's, mineral and agricultural production efficiently, however the day forward things come to changes. I can argue because of the institutional dilemma of modern and the previously informal one and I would like to make it open for interesting research, truly, my Argument can be supported

by Path dependency theory. This theory insists that it is of decisive importance to explicitly model the process from which an institution emerges. In other words, the theory says that ‘history’ matters in the emergence of an institution. Path dependency theory is a cumulative process where random events in the opening phase of the process determine the outcome in the long-term. It is therefore with good reason that these processes are termed ‘historical’ (David 1988).

## **COMMON RESOURCES AND INSTITUTIONS**

Common resources of land, water, forest, Mining, wildlife and agriculture constitute an important component of community assets in Benishangul, and they significantly contribute to livelihood of people, despite their rapid depletion and decline in the physical productivity. All natural resources, including CRs, are amendable to management under various property regions, viz. state, private and collective community, etc. Even a particular resource may be held under more than one property regimes, or can be managed under distributed/shared management system (Townsend and Polley 1995; Cox 1985; and Marothia 2002). There is nothing inherent in a resource itself to determine the nature and type of the property right, but it is determined by social and institutional arrangements evolved and enforced by the community to protect the resource (Bromley 1992; Jodha 2002; and Marothia 1993 & 2002).

Institutional arrangements play an important role in the management of natural resources, in general and CRs in particular, under any property right regime. In the context of CRs, institutions are defined as “collective action in control, liberation and expansion of individual action” (Commons 1931). Thus, institutions express the value system of a society and enforce it in the form of working rules. In other words, institutions are ‘working rules’ to order relationship among individuals within a society, and structure incentives in human exchange, whether social, economic or political (North 1990; Weimer 1995; Williamson 1994; and Dasgupta and Maler 1994). The property rights or institutions are part of the ‘cultural capital’ by which resource user communities convert the ‘natural capital’ (resources and ecological services) into ‘human-made capital’ or inputs of production. The cultural capital comprising social and institutional capital (Coleman 1988; and Ostrom 1992) indicates how people in any society view the use of natural



resources and associated values and ethics, including customs, norms, religion and culturally transmitted knowledge (Folke and Berkes 1995). The principles of working rules are critical to form social relationships, choice of alternative policies, and governance in managing natural resources in general, and CRs in particular.

I believe that Institutional arrangements play an important role in the management of natural resources especially in case of common resources. To know the impact of Lack of institutional arrangements in Aboriginals community in Benishangul, would not be only with empirical data, the bad and back ward saving habit and the lack of proper usage of non-renewable resources in the Aboriginal community in Benishangul can be taken as famous evidences. The Aboriginal community does not think that natural resources can total extracted or badly depleted especially in case mining and agricultural lands. So, as I mentioned above, the institution which come out from the mixture of two namely historically or informal institutions, and newly emerged institutions which supported by technologies timely needed. Briefly government should intervene with strong institution, which prove them that future generation have right to calm on the current extraction and the future generation is nothing but their offspring, of course I can argue that the lack of suitable institution even I can tack it as one the symbol of being economically disadvantageous, that means coming out with inclusive and making them economically active can tackle the above mentioned resources related problem.

## **POLITICAL ASPECTS OF PRO-POOR STRATEGIES**

This section discussed key lessons cultured and options to support the political and domination strategies of changes needed for pro-poor growth strategies. One of the important lessons cultured is that political change cannot be calculated and forced from the outside. Rather, it is the outcome of continuing social and political discussion. Political strategies can follow the stages of a typical policy set that include

- i) Problem Definition
- ii) Agenda Setting
- iii) Policy Formulation



- iv) Decision Making
- v) Policy Implementation And
- vi) Policy Evaluation.

However, usually this is not a sequence of steps that is systematically followed specially in the region like developing state/regions. Problems have often been well known for some time but low on the agenda, before (unexpected) events media for political action. Increased public awareness of the damage from poor resource management and left-over can help drive strategies of change. For example, deforestation is often thought to be linked to flooding and drought and other negative impacts To better understand the dynamics of political change of strategies, it is useful to differentiate between the levels on which this change can take place. Three levels can be distinguished (Rohe, 1977 and GTZ, 2001): the *operational* (policy) level, for example, changing the operational content of rules; the *process* (politics) level, changing the way decisions are made and institutions are implemented; the *organizational* (institution) level, changing political structures, for example restructuring the executive of a country's government/regional.

The measures, market-based, regulatory, information and co-operation measures, can often be facilitated and implemented on more than one of these levels. For example, while donors or professionals can provide direct advice to a community on best practices of resource use, they can also enable the local authorities to initiate a process of knowledge sharing through participatory user group meetings and facilitate capacity building of local actors and staff. On the organizational level, contributors or civil societies can try to activate changes in the way a regional government works, for example to combat corruption.

However, they can also give advice on the process level to the government to help establish anti-corruptions strategies, but this arguments it rely on the acceptance that build on local governments as well authority. Knowledge about the level at which political strategies is required and takes place and the stage in the policy cycle helps to identify gaps of opportunity for changes that promote pro-poor, sustainable resource use. Pro-poor improvements of resource management can be significantly facilitated by more general pro-poor political strategies.

I can argue that, the poor are not passive in the face of political pressure, although they often face major sprints and opposition, nevertheless it consider a time frame of course. Much can be cultured from processes where they themselves have introduced political strategies to demand a share of benefits from natural resources. There are some outstanding examples of how poor groups, with strong leadership and sophisticated use of the media, have organized themselves to demand access to natural resources, especially land. This is widespread in Latin America, illustrated by the rise of extra-activist reserves for rubber tappers in Brazil. other examples are that of the Chiquitanos Indians of Bolivia, who in 1992 formed an organization to protect their land from timber companies (McDaniel, 2003). One of the challenges of these pro-poor movements is to up-grade, move from the local to the national level, and to attain broader changes on the effective, organizational and process levels. Experience also suggests that driving political change requires making innovative alliances with both national and international civil society organizations (including religious groups, professional groups and trade unions). NGOs, which are often seeming as independent entrance groups, may also have many strengths in politicization governments and supporting poor groups. Some NGOs, however, may have relatively thin roots in their own society, and do not necessarily represent the poor. International organizations, by bringing pressure to bear on resistant governments, can also help legitimize the claims of the poor. Private sector enterprises in turn, both foreign and national, have a major role to play in natural resource use. Governments may lack the negotiating skills to design effective natural resource contracts.

However, international firms are often sensitive to pressure from their shareholders and consumers not to increase poverty through their activities. Although the awareness that development co-operation necessarily has to address governance issues as much as technical problems has developed only recently, supporters have always played a role as motorists of change. Contributors can influence such change on all three levels. On the operational (policy) level, change can be supported, for example, through technical or financial assistance, or through technical advisory services to resource users and organizations and through international exchange. On the organizational level, donors can provide organizations' with advisory services on regulatory policy or on management and organizational issues. They can also substitute networking between actors and thus change structures. On the process (politics) level they can provide advisory services with

regard to policy processes. With regard to the dynamics of such political strategies outlined above, it is particularly important to take the following aspects into account: Changes that improve pro-poor growth through the sustainable use of natural resources are facilitated during periods that offer “gaps of opportunity”, for example, taking advantage of phases of problem identification, agenda-setting or policy formulation. Measures should target the appropriate governance levels (operational, organizational or process) in order to become effective in the institutional framework. While measures are often easiest to implement on an operational level, these might be least effective, as their functionality is dependent on satisfactory conditions at the process and organizational levels, for example by supportive conditions in the governments.

Often these governance levels are complimentary and re-enforcing and targeting multiple levels simultaneously or in sequence may be most effective in protecting natural resources and ensuring pro-poor growth. Actors may take different roles in driving the strategies of changes. Accordingly, the role of donors in these processes varies, depending on the nature of the gap of opportunity. In situations where poor actors have taken the initiative to motivate new processes of agenda-setting, contributors can actively support these actors on the operational, process and organizational levels. The above detail political and institutions bas argument can applied to help the economical disadvantageous groups like Aboriginal community in Benishangul, and the changes strategies references to the above argument, have been made on the emerging economy of natural resources which in line with existing situation Aboriginal community in Benishangul, nevertheless the strategies have been drown for all under developing societies over the world to hold true.

## PART THREE

### DEVELOPMENT ISSUES

This part tack part in different developments theories, case studies and policies for develops conditions of least developed community and drew specially case on Aboriginal community like Benishangul, Ethiopia.

## **MEANING OF DEVELOPMENT IN BENISHANGUL ABORIGINAL COMMUNITY PROSPECTIVE**

Broadly speaking, development means a change over time, involving growth or expansion. Economic Development involves changes in people's standard of living. Development is a process with many economic and social dimensions. For most observers, successful economic development requires as a minimum, rising per capita incomes, eradication of absolute poverty, and reduction in inequality over the long term. The term development means different things to different people. It is, therefore, important at a perspective and some agreed on measurement criteria, we would be unable to determine which country was actually developing and which was not. In order to better understand the meaning of development, it is delineated in terms of classical and modern economic view. I am ok! With economic development definition of professor AMARTYA SEN'S as development should maximize the freedom of choice people, I can argue that development cannot begin without any alarming events, that event it might be negative or positive (Todaro and Smith, 2003), because I believe that development is a change over time, and change over a time happen as an out come of spiritual or physical difficulties which a given people experience over a time, this difficulties I can called it negative events which direct people to question their environments, and questioning is nothing but determining environments according to their suitability, in fact the positive event her is the environmental experience after difficulties had happen. Though if I start, examine development of Benishangul Aboriginal community so fare, of course they have experienced some environmental difficulties like drought, famine, livestock disease and human epidemics, but, I can disagree that the difficulties was not possible as can be means to determine environment to come out with new developments events, for the reason that, the Bneishangul Aboriginal community have had advantages of shifting, from agricultural related works to mining works. Of course, the shifting by itself was drown a bad legacy on the Aboriginal community, by which was not let them to accumulate experience or specialized in one of the two, either Agricultural work nor mining works. Therefore negative events in developments I can call it a big bush, however by adopting latest technologies we cannot wait for negative events to bush the developments Issues. So Benishangul Aboriginal community need latest research base technologies to boost their backward developments.

## **A DEVELOPMENT ISSUE: ABORIGINAL PROSPECTS**

As I said, the basic premise of this paper is that the terrible state of Aboriginal community living standards, particularly in rural areas (as shows up in social indicators such as life expectancy, infant and maternal mortality, and the incidence of disease), is primarily the result of a lack of economic development in these communities. Further, I believe that the best means of substantially improving their welfare will be through economic development in their communities. This is a contested premise. ‘Developmentalism’ is almost used as a term of abuse in some social science quarters in Ethiopia in discussions about policies relating to Aborigines. Nevertheless, the past emphasis on welfare policies has not led to any significant improvement in their well-being –Some may wish to argue that different welfare policies would lead to substantially better results (e.g., ATSI Social Justice Commissioner 1994). I disagree. To some extent, rural Aboriginal communities have a choice as to whether they wish to undertake economic development; those in urban areas do not. However, the choice appears highly constrained by the freedom of people to leave rural communities, the availability of information about what is happening in the wider world, and the continuous comparisons of their welfare with that of the rest of Benishangul and other societies.

Globally, the evidence is that substantial improvement in the welfare of poor societies only occurs through, initially, provision of clean water and sanitation and control of pests and diseases, and later, through greater access to income-earning assets such as education and land, and opportunities to access other markets. Nevertheless, these are the direct and more highly visible relationships. The important question is how to set these processes in place and sustain them? It is of interest why the approach to improving the welfare of rural Aboriginal communities in Benishangul has been so different from that adopted in what are termed the developing countries? As with others societies in Ethiopia, Native Africans Indians in the USA, the Aboriginal population in Benishangul regional state makes up high percentage of the total population. For this reason, there is a tendency towards adopting the seemingly ‘easy’ solution to their problems through income redistribution measures, but which creates difficult-to-overcome problems of welfare dependency, as so well described by Noel Pearson. This tendency is underpinned in Ethiopia by the predominance of a Military regime of derg socialism and the recent governments of FDRE that

gives preference to government-based solutions over solutions relying on individual effort and enterprise. Poor countries cannot afford income redistribution solutions to what is generally a matter of mass poverty. In their case, the only solution to poverty is economic development of the whole country. In a situation such as in Ethiopia, where the relatively small disadvantaged group has been seen as being inferior in some way – as well as being disadvantaged in terms of income, education, and health – a different set of institutions to that available to the majority appears necessary in order to provide an appropriate environment for economic development to take place. However, as might be expected, there is resistance by the wider society to the establishment of a special set of institutions for the minority group.

Glenn Loury (2001), of Boston University, has eloquently argued the case for affirmative action for African-Americans in the United States. He distinguishes between racial discrimination and racial stigmatising. Because he sees that African-Americans have been stigmatised to such an extent as to adversely affect how others see them in relation to their work and other capacities, he argues that race blindness, or ‘color blindness’, in policies is not sufficient to overcome the social disadvantage they face. He therefore argues for ‘race egalitarianism’, i.e. because of an unjust history, special efforts should be made to reduce inequities of wealth and power between African-Americans and other groups. To quote Loury (2001, pp. 40–41):

*“Discrimination is about how people are treated; stigma is about who, at the deepest cognitive level, they are understood to be. As such, these distinct ways of framing the problem of racial inequality lead to radically distinct intellectual and political programs. A diagnosis of discrimination yields a search for harmful or malicious actions ... using the law or moral suasion to curtail or modify these actions. But seeing stigma as the disease inclines one to look for insidious habits of thought, selective patterns of social intercourse, biased processes of social cognition, and defective public deliberations when seeking a cure. Here the limits of conventional legal action and moral suasion, and the need for deeper and more far-reaching structural reform, come clearly into view. To be sure, ... reform should redress resource disparities between groups. ... This kind of reform, while necessary, is far from sufficient ... achieving the elusive goal of racial*



*justice requires that we undertake ... to eliminate the objective disparity in economic and social capacity between the race-segregated networks of affiliation that continue to characterize the social structure of American public life ...*

I believe that the economic and social disadvantage of Benishangul Aborigines will not be overcome without the establishment of special institutions that take account of their special situation within the Benishangul society. The institutions that I am talking about are essentially institutions that directly assist them to participate in economic activities. As well as these kinds of changes, Loury is talking about the need for change in much more complex social institutions. I have no doubt that similar social structural changes are also needed in Benishangul. But that is not the subject of this paper. For Benishangul Aborigines the acquisition of land is important for the economic development needed to improve their welfare. However, as Altman (1995) – an Australian economist who has devoted a career to improving the welfare of Aboriginal communities – recognized:

*An economic takeoff by the indigenous sector, Australia-wide, will not occur because of native title. Land alone cannot guarantee economic development: capital accumulation, human capital, and entrepreneurial expertise will also be needed to promote the development of the indigenous land base. (p. 298)*

I would argue, however, that even these other factors are not sufficient for economic development to take place. Over the past 50 years, the theoretical understanding of the economic growth process and the implementation of economic development strategies have undergone huge changes (Duncan and Pollard 2002). Following growth theorists such as Harrod (1939), Domar (1946) and Solow (1956), development assistance for many years (and still, in some agencies) was based on the notion that the lack of financial and physical capital was the main reason for countries being poor. Hence, the multilateral lending agencies and aid agencies in high-income countries were set up to transfer savings from rich to poor countries. Later, following Becker (1964), economic growth theory and developmental practice focused also on health and education to build human capital. By the early 1980s, the realization that so many of the projects that they had funded had failed saw the multilateral agencies adopt so-called Structural Adjustment Programs, based on



the premise that the policy environment in the developing countries was not conducive to project success. However, Structural Adjustment Programs have not led to much better growth performance (Burnside and Dollar 1997). In the 1990s, following North (1990), and more recently Olson (1996) and De Soto (1989; 2000), the focus of developmental assistance has shifted – at least in some quarters – to the creation of institutional frameworks in which physical and human capital and innovativeness will flourish.

Nevertheless, changing and creating basic economic and social institutions within a society is very difficult. Both North and Olson were pessimistic about the likelihood for such change, implying, as it does, change in the political power balance within the society. The political status quo is what it is for good reason, and changing it to provide enhanced possibilities for the poor to participate in economic activities is threatening to the ruling interests. Looked at from this angle, promoting economic development and reducing widespread poverty is a very complex and difficult process. The transfer of capital to poor countries or regions and its transformation into roads and dams or schools and medical centers is, by comparison, a simple task. Nevertheless, without institutional changes in areas such as constitutions (to provide equal opportunity), judiciaries (to ensure impartial treatment), social capital (to generate trust throughout the community), rights to education (to provide equal access for the disadvantaged), or land titles (to provide security for investors), the provision of roads, schools, and hospitals is likely to have little impact.

Agricultural and resource economists have embraced the New Institutional Economics more enthusiastically than the general economics profession in Least-Developing region. This may be because they are doing more work in developing countries where they are forced to think more deeply about the process of economic development. For these reasons, agricultural and resource economists are in a position to make a contribution to the kinds of institutional developments that I see as necessary in Benishangul for economic development in Aboriginal communities.

## PART FOUR

### **CONCLUSION AND POLICY RECOMMENDATIONS**

After a Different theories, experiences, case studies and empirical issues have been discussed, the conclusion about the fact and existing figure in line with Aboriginal community in Benishangul state and the possible policy recommendation have recommended.

### **CONCLUSION**

The book has discuses and explains so different, economics and institutional economics theories, case studies and some empirical evidences. Moreover, I can conclude that, the economical disadvantageousness of Aboriginal community in Benishangul, have the room and scientific solution, nevertheless it require detail and belongings investigations, as concern the resources potential and the Aboriginal psychological make-up.

Of courses, Ethiopia policy maker recommend so money developmental policy yearly. However, the routinely recommended policy cannot understate the Benishangul Aboriginal community real situation, because of the Political coverage's and I can claim that most of the Ethiopian policy maker underestimate; the Benishangul Aboriginal community indigenous knowledge, traditional economic managements, informal institutions, and the psychological attachments they have with their natural environment.

Aboriginal community in Benishangul have occupied a huge and large resources of land, they account large of population from total population of the region. However, within all of the above opportunities, basic developments fall under a great question. Is this because of the greater dependence on welfare-type policies and the low reliance on the promotion of individual entrepreneurship and economic development in Aboriginal communities? Let me leave this question open for research. How to stimulate economic development in community continues to be a hotly contested topic. However, how to do it in the context of Benishangul Aboriginal communities is a topic that has hardly been addressed. The lack of interest in the question from

Ethiopia economists is unknown. It would be seen as a problem of such magnitude that it would rank at the top of most research agendas. The only difference from this hypothetical situation is that the Aboriginal population is highly dispersed.

Within the general discussion of economic development, there has been a marked shift away from the ideas that physical capital is the main ingredient missing from the recipe to promote economic development and that government have an important role in production activities. Clearly, there are important roles for government in promoting economic development in general and in promoting economic development in Aboriginal communities in Benishangul : particularly in the provision of basic health and education services and access to markets. Nevertheless, just as important, or perhaps even more important, there is the complex task for governments of providing the necessary institutions to ensure that Aboriginal communities and individuals can have the opportunity to participate as fully in economic growth and development as the rest of Ethiopia society. In this respect, I argue that there is a case for not neglecting the possibility that special institutions may be needed to assist them to overcome their disadvantage within Ethiopia society, given the history of prejudice against them.

I can argue that, the poor are not passive in the face of political pressure, although they often face major sprints and opposition, nevertheless it consider a period of course. Much can be cultured from processes where they themselves have introduced political strategies to demand a share of benefits from natural resources.

Because of their special skills and experience agricultural and resource economists have much to offer in developing these special institutions – particularly in respect of land tenure. Agriculture and resource economists also have much to contribute with respect to the development of contracts for mining of Aboriginal lands to maximize the benefits to Aborigines, as well as to the rest of Benishangul. We can also contribute to the management of the natural resource revenues accruing to Aboriginal communities to help avoid rent-seeking behaviour and maximizes the benefits to Aborigines from these revenues.

Equitable distribution of assets in the rural areas plays a critical role in accelerating agricultural development and overall development and structural transformation. Equity accelerates the

adoption and diffusion of agricultural technology. Equity plays a vital role in the establishment and strengthening of market support and other rural organizations and institutions.

Other challenges to the profession can be envisaged in the development of land management practices that take into account the near subsistence existence of some Aboriginal communities, their knowledge of their country, their levels of skills and technical knowledge, and their access to finance. Given their control over increasingly larger areas of land and water, there should also be close involvement of Aboriginal communities in the development of environmental management policies. I hope to see the profession take up these challenges in the years ahead. Social development is thus not only an essential element of development but also a critical instrument of accelerated economic growth. The accumulation of social capital, which plays such a critical role in accelerating economic growth, is a public good, which has increasing returns to scale.

So to tack-out the root of poverty in developing country or community like Aboriginal in Benishangul, the policy maker of the country should re-check the working culture, the way the local community centered the natural resources that exists on them and the way they think for their future generations. Because I can argue that no one have enough resources on his nearby and still he is poor, unless the guys center the future situation wrongly, or the guys have uneconomic thinking ability for both saving and consumptions. The above arguments can hold true for the community in the least developed.

## **POLICY RECOMMENDATION**

Having the above so many discussions, For least developed countries, especially the Aboriginal communities in Benishangul, Ethiopia, to overcome their Economics disadvantageous the following recommendation it is better if it have been taken it the account:

1. Special institutions may be needed to assist them to overcome their disadvantage society, given the history of prejudice against them; The institutions that I am talking about are essentially institutions that directly assist them to participate in economic activities.

Institutions which Taking little account of their limited literacy and numeracy skills and technological understanding; and that government agencies take little account of the lack of capital and expertise of financial aspects of land management of Aboriginal peoples

2. Avoiding such 'rent-seeking' behaviour and ensuring that mineral discoveries make the best possible contribution to the welfare of Aboriginal communities involves negotiating effective contracts with mining companies and the effective management of the share of mining revenues accruing to the communities.
3. The institutional environment in which contract negotiations take place also needs to be considered trust fund should be organized to tack care of the contracts and to run the issues according to existing environments of the Aboriginal community.
4. So, Benishangul Aboriginal community need latest research base technologies to boost their backward developments.
5. Even though to tackle the bad leadership strong informal institutions and civic engagement is need for the community who claim developments.
6. The policy maker of the country should re-check the working culture, the way the local community centered the natural resources that exists on them and the way they think for their future generations.
7. Secure, individualized land tenure means that individuals hold the rights to use the land for whatever purposes they wish, except for illegal activities and activities that attenuate the rights held by others, including the state. The title may be freehold or it may be leasehold; but to give leaseholders the incentive to develop the land to its full potential the lease should be sufficiently long. To be secure, the property right must have the full backing of the government.
8. Economists can contribute to the valuation of the externalities that could be generated by sustainable management of the extensive land now under Benishangul Aboriginal control.

As always, a key issue will be the design of a payments mechanism that cannot easily be corrupted and that does not lead to welfare dependency.

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## ENDNOTES

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<sup>i</sup> indigenous: existing in a place from the earliest known times or original inhabitant: a member of a people who have lived in an area from the earliest known times

<sup>ii</sup> Is one of the tens regional state in Ethiopia, located in north-western part of the country, bordering by the Amhara from the North, Oromia and from the west Republic of Sudan from the east also

