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**Democratic Developmental State Experience: The Case of Ethiopia,
2002 to February 2018.**

By

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Dedication

I kindly dedicate this work to my beloved wife, Mrs Tsion Tadele Dechassa (M.D.), and dear children Samuel, Daniel and Nazrawi Gedion

Declaration

I, Gedion Gamora Jalata, declare that this thesis is my own unaided work, both in concept and execution. It is being submitted for the degree of doctor of philosophy in the Department of Political Sciences at the University of Pretoria, South Africa. It has not been submitted before for any degree or examination at this or any other university.

I declare that this thesis is the record of bonafide research work carried out by me under the supervision of Professor M E Schoeman. I further declare that this thesis has not previously formed the basis for the award of any degree, diploma, associateship, fellowship, or other similar titles of recognition.

GEDION G. JALATA

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Abstract

Ethiopia officially declared to follow a democratic developmental state since 2002. Some scholars argue that there is an attempt to emulate the developmental state in Ethiopia, citing a few features of the developmental state in the country. However, critics question whether Ethiopia is an example of a modern-day emerging African democratic developmental state or not. Unlike others, this thesis provides a comprehensive review of whether Ethiopia is a developmental state or not using the main features (indicators) of developmental states and democracy as set out by original and contemporary thinkers. The thesis also develops an analytical framework for analysing an emerging developmental state model to verify the extent to which Ethiopia fulfills these criteria. In this context, an Index is prepared to measure the extent of Ethiopia's democratic developmental state following the survey conducted. By doing so, the study bridges a significant gap in the literature and empirical evidence on the developmental state practice of Ethiopia. A combination of quantitative and qualitative research methods were employed in this thesis. Data were collected from both primary and secondary sources. In this regard, the inter-method triangulation technique was used. The triangulation methods employed were desk research, expert surveys, key informant interviews, direct personal observation, and case studies. Exploratory, descriptive, analytical, and critical methods of data analysis were also employed. This was done by taking the research questions and study objectives into account. Accordingly, relevant findings are drawn, and conclusions and policy recommendations are articulated. The main conclusion of the thesis is, therefore, that there is an emerging democratic developmental state in Ethiopia, although it is not bereft of challenges. The government of Ethiopia made progress in relation to a few developmental state indicators. However, the finding from this study indicates that the practice of democracy in the country is wanting. The four case studies reveal that despite clearly designed policy interventions, the government did not achieve the desired objectives in each flagship project because of diverse challenges. This affected the actualisation of the expected structural transformation of the economy in the country. Considering the study's findings, the Ethiopian government's willingness, commitment and determination to promoting features of a democratic developmental state are vital to its success.

Keywords: developmental state, democracy, emerging, government, Ethiopia

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List of Acronyms and Abbreviations

- ADLI – Agricultural Development Led Industrialisation
- ADP – Amhara Democratic Party
- ANDM – Amhara National Democratic Movement
- BDP – Botswana Democratic Party
- BEAC – Botswana Economic Advisory Council
- BRICS – Brazil, Russia, India, China, and South Africa
- CBHI – Community Based Health Insurance
- CCRDA - Consortium of Christian Relief and Development Associations
- EAC – East – Africa Trading Block
- EAX – East – Africa Commodity Exchange
- EBC – Ethiopian Broadcast Corporation
- EDB – Economic Development Board
- EDPRS – Economic Development and Poverty Reduction strategy
- EEC – European Economic Community
- EITI – Extractive Industries Transparency Initiative
- EOI – Export Oriented Industrialisation
- EPB – Economic Planning Board
- EPRDF – Ethiopian Peoples' Revolutionary Front
- EPZ – Export Processing Zones
- ESKOM –Electricity Supply Commission
- EU – European Union
- FDI – Foreign Direct Investment
- FDRE – Federal democratic republic of Ethiopia
- GDP – Growth Domestic Product
- GEAR – Growth Employment and Redistribution Program
- GNI –Gross National Income

GNP – Growth National Product

GTP – Growth and Transformation Plan

HDI –Human Development Index

HIV/AIDS – Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome

HLCC – High-Level Consultative Council

ICT –Information and Communications Technology

IFFs – Illicit Financial Flows

IMF - International Monetary Fund

KII – Key-Informant Interview

KZN – KwaZulu - Natal

LP – Labor Party

MDGs – Millennium Development Goals

MEDIA – Mauritius export development and investment authority

MITI – Ministry of International Trade and Industry

MMI – Military Medical Insurance

MMM – Movement Militant Mauricien

MOFED – Ministry of Finance and Economic Development

MSM – Movement Socialist Militant

NDP – National Development Plan

NGOs – Non-Governmental Organizations

NIC – Newly Industrialized Countries

NPCC – National Petroleum Construction Company

OPDO – Oromo People's Democratic Organization

PASDEP – Plan for Accelerated and Sustainable Development to End Poverty

POSCO –Pohang Iron and Steel Company

PPP – Purchasing Power Parity

PRSP – Poverty Reduction Strategy

RDB – Rwanda Development Board

RDP – Reconstruction and Development Program

RPF – Rwanda Patriotic Front

SABC – South Africa Broadcasting Corporation

SADC – Southern African Development Community

SAPS – Structural Adjustment Programs

SARCHI – South Africa Research Chairs Initiative

SDGs – Sustainable Development Goals

SDPRP – Sustainable Development and Poverty Reduction Program

SOEs – State-Owned Enterprises

SSA – Sub – Sahara Africa

TPLF – Tigray People’s Liberation Front

UNDP – United Nations Development Program

US – United States

USD – United States Dollars

WGI – Worldwide Governance Indicators

CHAPTER ONE

1. INTRODUCTION

1.1. The Role of the State in the Development Process

There has been renewed interest in the role of the state's in African countries' development process in recent years. Of particular interest to researchers and policymakers who are keen to draw lessons from East Asia's successful industrialisation experience has been the role of the Asian type of "developmental state" in structural transformation. More specifically, they are interested in whether or not it is possible to replicate the East Asian experience in Africa or not. Indeed, both history and specific country experience indicate that the role the state plays in development differs across societies and time. However, there is a consensus on the developmental state's importance to ensure development (Chang 2003a, Wong 2004: 357, Fritz and Alina 2007: 532).

Developmental state features and practices have been exhibited in Britain, Sweden, France, Germany, and the United States of America, among others (Bagchi 2000, Chang 2003a, Chang 2008, and Kelsall 2013a: 8). For instance, Bagchi pointed out that the developmental state emerged around today's The Netherlands in the 16th century (2000: 400). Nationalism was not only the principal enabling factor in the emergence of the developmental state, but it also helped the country to pursue a cohesive, sustained development-oriented policy unconstrained by external forces (Bagchi 2000: 432, 434, and Mkandawire 2001: 292). Chang argued that state-owned enterprises were used for some time widely in countries that are today considered to be "developed", including the US, Japan, Finland, Korea, and Taiwan, to accelerate their development process (2008: 2).

In post-colonial Africa, the nationalist leaders who took over state power's mantle embarked on an ambitious national project of nation-building and economic transformation, including industrialisation. Due to the absence of a well-developed indigenous private sector at the time of independence, the newly independent states assumed a significant role in managing the economy and providing essential services to the population. The state became the single principal employer while investing in necessary infrastructure, education, health, and public administration. Significant progress had been registered during the first decade of independence, yet the influence of colonial neglect was to persist for several decades after independence. In terms of the economy, the colonial division of labor, in which Africa continues to export raw commodities while importing finished products from Europe, persists to this date (Fritz and Menocal 2007: 535, Meyns and Musamba 2010: 7, 28).

Lack of diversification of the economy, high dependence on foreign aid and external borrowing resulted in the policy space's shrinking in most African countries. Besides, African countries increasingly became increasingly accountable to external actors than to their citizens. Volatility in the commodity market, followed by two rounds of oil price hikes in the 1970s, drove many African countries to the brink of economic collapse. This situation was exacerbated by the absence of developmental political leaders and widespread corruption. To rectify these, African countries chose inward-looking and collective self-reliance, as reflected in the Lagos Plan of Action in April 1980. The Plan of Action gave African countries essential roles in the development process (Cheru 2012, and Desta 2012: 27-28).

Following the outbreak of the debt crisis in the early 1980s, however, the state's prominent role in national development was discouraged by institutions such as the World Bank and the International Monetary Fund (IMF). Instead, these organisations pushed African countries to implement harsh Structural Adjustment Programs (SAPs). SAPs are a set of ten policies labelled as the Washington Consensus used for debt relief and additional access to donor resources. The policies imposed reduced the state's role in the economic sphere while expanding the space for market forces to get out of the crisis. By the early 1990s, almost every other African country had adopted one form of SAP or another, with disastrous consequences (Mkandawire, 2010: 59, and Kieh, 2015: 3). Therefore, the SAP paradigm represented a severe systemic challenge to the state's supremacy in Africa's development process.

At the end of the 20th century, East Asian developmental states' experience increasingly influenced thinking on the state's role in the development process. The economic development in these countries, namely South Korea, Singapore, Hong Kong, and Taiwan, demonstrated the effective state's role in governing the markets. The 2007 financial crisis and related bailout measures by both US and European countries also confirmed the importance of the state in development. In the same fashion, since the post-cold wartime, the state's significance in development has been the subject of debate and discussion in Africa (Mkandawire 2001: 292; Fritz and Menocal 2007, Meyns and Musamba 2010: 7). Therefore, a developmental state's role in bringing social and economic transformation, which is part of the Sustainable Development Goals (SDGs) and Agenda 2063, is pertinent and timely in Africa and other developing countries.

1.1.1 The Resuscitation of the Developmental State in Ethiopia

There has been a series of attempts to follow a developmental state model in Ethiopia. The Japanese development model was first attempted in Ethiopia in the 1920s during Emperor Haile Selassie's regime. Ethiopia's attempts, however, to follow the Japanese model of development

were ineffective. This was mainly because a detailed study of possible lessons from the Japanese model of development was not conducted. Even with the little knowledge generated on the Japanese developmental state, the Emperor was not determined to undertake the needed reforms (Zewde 1990: 11). Furthermore, the drivers of the agenda were intellectuals of the day, called “Japanisers” than the Emperor.¹

However, at the beginning of the 21st century, Ethiopia’s government attempted again to follow the East Asian developmental state model. This time the initiative came from the government as the late Premier, Meles Zenawi, was driving the agenda. In this context, five interconnected factors² have influenced the restoration of the developmental state in Ethiopia. First is the Ethio-Eritrean War (1998-2000). One of the erroneous assumptions of the Eritrean government before the outbreak of the war was the belief that Ethiopia was weak and fragmented, with different ethnic groups. Nonetheless, the reaction of Ethiopians towards the Eritrean invasion was quite unlike the assumption of Eritrean leaders. The unity of Ethiopians against Eritrea was not only the factor for Eritrea’s defeat; it was also an eye opener for Ethiopian government officials to enhance the sense of nationalism (Clapham 2013: 2).

The second factor was the Tigray People’s Liberation Front (TPLF) crisis in 2001, and the subsequent split which foretold the resuscitation of the developmental state in Ethiopia. Besides the idea differences in the Ethiopia-Eritrea war, there was disagreement within the party about the ideological and development strategies the country would follow. After the split, the group that stayed in power under the late Prime Minister Meles Zenawi affirmed its commitment and determination to follow the developmental state’s ideology (Lefort 2012: 682, and De Waal 2012: 5). This venture seems to have paid off, with the country registering remarkable economic growth, an increase in the Human Development Index (HDI), per capita income, Foreign Direct Investment (FDI), and gains in Millennium Development Goals (MDGs) since 2002.

Third, the 2005 national elections demonstrated that EPRDF’s ideology of revolutionary democracy was not widely accepted. The party recognised that it must come up with new national development-oriented programs to win the people’s hearts. To this effect, the late Premier Meles Zenawi’s government instituted the idea of a democratic developmental state, as opposed to their

¹ A brief analysis on this issue is reflected in chapter three sub section 3.2 on the Japan factor in early Ethiopian development thinking.

² For more information on the factors that revived the re-emergence of developmental state in Ethiopia see chapter three and sub section 3.3 on the re-emergence of the developmental state in Ethiopia.

earlier ideology of revolutionary democracy (Oqubay 2015: 74, Negash 2012: 10). Fourth, the Ethiopian developmental state also re-emerged as neoliberalism's ideology failed to generate Africa's expected economic development. Instead, it led African countries into another economic crisis and resulted in a delicate, insecure democracy (Zenawi 2011b: 1). As a result, Ethiopia's developmental state re-emerged following a long drive in pursuit of a different way of economic growth that would provide instant and long-term benefits (Wolde-Gabriel 2013: 2).

The fifth factor is that the private sector resorted to rent-seeking and paid insufficient attention to value creation as an easy way of making money. Therefore, the state was expected to institute a mechanism to punish the private sector for limiting rent-seeking behavior and rewarding it for promoting developmental values by encouraging the private sector to be involved in the manufacturing industry. This urged the state to follow the developmental state model (Zenawi 2011a: 169, Oqubay 2015: 287). Critics, however, argue that autonomy from the private sector does not mean excluding the private sector. Instead, what the East Asian developmental states have done is to build a business-government strategic alliance whereby the state, through interaction with the private sector, identifies the constraints of the private sector and designs policies accordingly (Kidanemariam 2014: 18, and Ohno 2009: 10-11).

Indeed, Ethiopian policymakers assert that they are pursuing a developmental state model. This research aims to evaluate this assertion by testing some developmental state features against the Ethiopian approach to and experience of development, and with a thorough investigation of different development planning strategies the Ethiopian state has pursued since 2002. The case studies further examine industrial and other projects implemented under the first Growth and Transformation Plan (GTP) I and II, such as industrial park development, the leather sector, roads, railway construction, and the condominium housing project.

1.2. Problem Statement

Ethiopia officially declared to follow a democratic developmental state since 2002. Some scholars also argue that there is an attempt to emulate Ethiopia's developmental state (Hauge and Ha-Joon, 2019: 830, 832, Clapham, 2017: 1; Oqubay, 2015: 1, 245). For instance, Hauge and Ha-Joon (2019: 832) argue that "there is strong evidence indicating many parallels between Ethiopia's development model and the East Asian developmental state model. This is evident from both the Ethiopian state's ideological orientation and its economic policies". Clapham (2017) further argues that it is obvious that Ethiopia emulates the East Asian development models mostly inspired by the Chinese experience while trying to learn from the experiences of other countries such as

South Korea, Taiwan, and Japan. Oqubay (2019b: 613) also argues that “the government has been keen to both draw inspiration and gain practical experience from East Asian economies”.

However, critics question whether Ethiopia is an example of a modern-day emerging African democratic developmental state or not (Fukuyama 2019:22-23, Geda 2019). This is mainly as the country has been challenged by different problems to actualise its democratic developmental state agenda. The most critical challenges include the weak commitment to a democratic governance system, corruption, lack of civil liberties, gross human rights violations, diminishing political space, lack of structural transformation of the economy, unemployment, and weak private sector development (Fukuyama 2019: 19-22, Geda 2019, Gebremariam and Habtewold 2017).

The electoral system and process, for instance, has been underpinned by diminishing political space for opposition parties, as well as irregularities and deficiencies. Following the 2005 elections, there has been a democratic reversal in the country. For instance, since 2005, the EPRDF introduced draconian laws restricting the press and civil society as well as controlling the election board. As a result, the EPRDF was able to win 99.9% and 100% of the seats in parliament in the the 2010 and 2015 national elections respectively.

According to Worldwide Governance Indicators (WGI), there has been sluggish progress on voice and accountability, political stability, and absence of violence/terrorism in the years from 1996 to 2018 (World Bank n.d: 1-3). The recent intermittent protests in the country (from November 2015 to April 2018 until the arrival of the new Prime Minister, Abiy Ahmed), particularly in the Oromia and Amhara regions, where over five hundred peoples died and thousands were imprisoned, are testimonies to this allegation.³ Critics of the democratic developmental state in Ethiopia, therefore, argue that the country cannot be qualified as a democratic developmental state because of the above factor, among others (Fukuyama 2019: 19-22, Gebremariam and Habtewold 2017: 9-24).

There has been a series of economic policy planning and reforms since 2002, which have produced remarkable achievements - double-digit economic growth, massive infrastructure development, increased per capita income, poverty reduction, and increased human development index - under the rubrics of the developmental state. Oqubay (2015) argues that “the record in Ethiopia suggests that a development-oriented state indeed performed better over time than states without an activist industrial policy and that is industrial policy has contributed to higher growth”. He further argues

³ See https://www.yahoo.com/news/m/4534ba94-bffe-3e00-81e6-1e58ab92b742/ss_feyisa-lelisa%26%2339%3Bs-gesture.html

that “...an appropriate industrial policy can work even in a very poor African country like Ethiopia” (2015: 245).

Critics, however, posit that though the country had registered double-digit economic growth since the developmental state agenda was introduced, it cannot be qualified as a developmental state as the country did not witness the structural transformation of the economy, employment creation, and vibrant private sector development that characterised the experience of East Asian countries and China (Ferede 2019, Geda, 2019, Manyazewal and Admasu 2019: 138, 143).

However, this thesis studies Ethiopia as a democratic developmental state – its attempts at and experience in implementing this model using the main features of the developmental state on the one hand and democratic developmental state on the other hand. It uses indicators of both developmental state and democracy developed from the East Asian Countries, starting from Japan, South Korea, Taiwan, and later China, as indicated in Chapter Two. These indicators are used in the subsequent chapter to determine to what extent Ethiopia is a democratic developmental state. The thesis therefore, investigates and analyses the formation, dynamics, and nature of the developmental state in Ethiopia. By doing so, the study bridges a significant gap in the literature and empirical evidence on the developmental state agenda in Ethiopia.

The study hypothesises that there is an emerging democratic developmental state in Ethiopia, albeit not bereft of challenges. It therefore explains and analyses the key features of the Ethiopian developmental state against the debates on the developmental state. In so doing, it introduces new insights and perspectives on the nature of the emerging developmental state model in Ethiopia.

1.3. Objectives of the Study

The principal aim of this research project is to investigate the extent of a democratic developmental state in Ethiopia. The specific objectives are to:

- a) Investigate how and why a developmental state emerged in Ethiopia;
- b) Examine policy measures and institutional arrangements the government has implemented or needs to implement as part of the agenda of a democratic developmental state;
- c) Conduct a thorough inquiry into four sectorally-based case studies – industrial parks development, leather industry, road, and railways development as well as the

- condominium housing development as a critical examination of the Ethiopian developmental state to have an insight into its policies, institutions, and practices;
- d) Seek to articulate what has contributed to or constrained (challenges) the Ethiopian democratic developmental state practice; and
 - e) Examine the effect of the global international environment on the developmental state agenda in Ethiopia.

1.4. Research Question

This research focuses on the emergence, practices, challenges, and prospects of Ethiopia's democratic developmental state. The following research questions and sub-questions guide this study: **What is the extent of Ethiopia's democratic developmental state?**

In order to answer this broad question, this study addresses the following sub-questions:

1. *Sub-question one:* What are the drivers and defining traits of Ethiopia's developmental state?
2. *Sub-question two:* How effective have Ethiopia's flagship developmental projects been in fostering economic transformation?

1.5. Research Method

The study's research method includes a description of the study area, sources of data and types of data, the target population, sampling technique, sample size, instruments of data collection, and data analysis methods with the rationale for using each discussed. This study employed a mixed research method (Creswell 2012). Therefore, for this study, the researcher has applied the concurrent type of mixed approach to get reliable data from different sources. Concurrent or convergent method is a type of mixed methodology that gives equal weight to both data sources, and data are collected concurrently (Singleton and Straits 2005, Sarantakos 1998, Lor 2011). To this effect, quantitative data was collected through a questionnaire/ survey. Furthermore, data obtained through a questionnaire is supplemented by Key Informant Interviews (KII) and document analysis or desk research. This helped the researcher to triangulate data and generate more reliable research outcomes on the topic under consideration.

1.5.1. Description and Justification of the Study Area

The research mainly takes place in Addis Ababa, Ethiopia. The Ethiopian government has officially expressed its commitment to the developmental state agenda since 2002. The country is

also considered to be among the few African countries enjoying the fruits of an emerging developmental state, as noted above. This makes it an ideal country to research the issue of the developmental state. The thesis develops an analytical framework for an emerging democratic developmental state that can also be used to analyse and assess the extent of the developmental state in the country. The analytical framework identifies many interrelated factors that can be cited as explanatory factors for the emergence of a democratic developmental state. This research also involves case studies of some selected sites and major projects underway in the country. Industrial park development, the leather sector, roads, railways, and condominium house buildings were chosen as case studies. The period under consideration is 2002, up to February 2018, shortly before the end of the term of Prime Minister Hailemariam Desalegn, and when this study was commenced.

This study identifies and analyses the key conventional features of the developmental state within the Ethiopian experience. The country has been selected, based on predetermined criteria such as: having some evolving experience of a developmental state in Africa, including the fastest GDP growth, substantial achievements in the MDGs, per capita income and human development indicators, a reasonably good amount of FDI and development assistance that flows from development partners compared with other African countries. The methodology comprises the development of detailed, intensive knowledge about a single instance, i.e., Ethiopia (Lor 2011: 8, 11, and Robson 2002: 89).

This research particularly focuses on providing a well-researched analysis of the developmental state experience, taking into account Ethiopia's evolving experience. It therefore provides policymakers, researchers, academics, and others interested in the study with a wide range of well-considered analytical and policy perspectives. Furthermore, the case study allows for an in-depth analysis of the country under discussion.

The research method of inference is the use of deduction and induction. The conceptual framework, literature review, and research issues uncover important areas to include in the research and direct the data collection. The data collection is based on this structure. As qualitative and quantitative researches are conducted; however, data interpretation becomes a large part of the research. The findings are therefore related to the main concepts and analysis.

In this context, a combination of quantitative and qualitative research methods is employed in this study, with data collected from primary and secondary sources. An inter-method triangulation technique is employed, i.e., situations in which two or more methods of different methodological

origin and nature are used, which do not share the same methodological weaknesses, that is, errors and biases (Singleton and Straits 2005: 382, Sarantakos 1998: 168, Lor 2011: 7). The triangulation methods employed are expert interviews (survey), key informant interviews, direct personal observation, case studies, and an in-depth desk review of the relevant scholarly literature.

1.5.2. Data Collection Techniques

1.5.2.1 Expert Interviews (Survey)

Expert Interviews (Survey): Expert judgement can inform about changes in perceptions, attitudes, norms, and beliefs over time. It can help to bridge the gap between empirical data (including surveys) and conclusions by explaining findings and pointing to differences in assumptions. This method is therefore employed as one source of primary data for the intended study (Olson, 2010). A close-ended questionnaire is developed for the survey by identifying major indicators of the developmental state in East Asia, drawing from the literature review using original thinkers in the area. This helps to investigate the feasibility of the South-East Asian developmental state experience in Africa using Ethiopia's emerging experience (details of the questionnaire are available in annex B).

The questionnaire is accompanied by a cover letter which introduces the respondents to the research topic and research theme. To neutralise any mistrust respondents might have about the study, they were motivated to participate and assured of anonymity and confidentiality. The cover letter also deals with the identification of the demographic characteristics of the respondents. It gives adequate instruction on how to fill out the questionnaire, specifications on how to state the respondent's answer and preference, and what to do with the completed questionnaire.

The questionnaire has logically ordered general survey questions on the origin, nature, and features of Ethiopia's developmental state, allowing for transition and flow for smooth passage from one topic to the next, avoiding distortions and problems. In this respect, the funnel questionnaire format moves from general to specific, from non-sensitive to sensitive employed. This method is used with a purposive sampling technique for the reason that the researcher has to choose resourceful respondents and experts in the area (Neuman 2000: 198). The expert survey aims to collect expert opinions on different features of the developmental state in Ethiopia.

Characteristics of the Experts/ Interviewees

(i) Efforts are made to ensure that the respondents represent a cross-section of society in terms of ethnicity, regions, age, social status, educational level (at least first degree and above), political affiliation, and gender;

(ii) Experts are believed to be knowledgeable and have professional experience in the theory and practice of the developmental state in Ethiopia;

(iii) Accordingly, around 150 were experts selected to participate in the study and provide their perception and opinion to respond to sets of questions. The experts were carefully drawn so that they would have a desirable level of stability and accuracy that would enhance their responses' reliability and credibility. The use of poorly selected experts may lead to unstable or biased responses.

Close-ended questionnaires do have some advantages. They provide the information required for formulating answers to the research questions; offer less opportunity for bias or errors by the researcher's presence or attitudes; promise a wider coverage of respondents, and yield quick results. However, the use of a close-ended questionnaire is without its challenges. For instance, close-ended questionnaires do not allow probing, prompting, and clarification of questions. They do not offer opportunities for motivating the respondent to participate in the survey or to answer the question. They also do not provide a chance to collect additional information through observation, for instance (Neuman 2000: 272, Sarantakos 1998: 225, Singleton and Bruce 2005: 242-243). To minimise the adverse effects of using a questionnaire, a key informant interview was also employed.

1.5.2.2. Key Informant Interviews (KII)

Interviewing is a practical and effective data collection method, as it employs verbal questioning as its principal technique of data collection (Singleton and Bruce 2005: 238, Sarantakos 1998: 246-71). One of the advantages is the flexibility to meet many diverse situations. It attracts high response rates and allows for easy administration, as it does not require respondents to have the ability to read and handle long questionnaires. It allows for the observation of non-verbal behavior and offers control over the environment and the questions. In this study, interviewing was used for an in-depth, face-to-face collection of data from a total of 25 individuals; in particular from eminent government officials, distinguished experts in the field of the developmental state in

Ethiopia, media, and non-state actors, such as key opposition party figures and non-governmental organisations.

Self-administered, in-depth, individual, and semi-structured interviews on the practice of the developmental state in Ethiopia were employed (the format and type of interview are available in annex C). Interviewees were encouraged to share their insights, comments, experiences, and so on. Interviewees were free to comment, criticise, or elaborate on the Ethiopian democratic developmental state experience. This generated fresh ideas and insights, as it stimulated and provided supporting evidence. In the interview process, informants were encouraged to indicate the documents available to support their views and arguments. These documents were also used for desk research.

In general, the information elicited through the interview survey method helped strengthen the study and provided the missing elements from the structured questionnaire. It generated meaningful information from key actors on the theory and practice of the Ethiopian developmental state from diverse actors. Purposive sampling and snowballing sampling techniques were employed to identify the right person for this interview - one person to identify other people until a sufficient member of the interviewees was identified.

However, this data collection method is not without challenges as it is expensive and time-consuming, more tiresome than other methods, and less effective than other methods when sensitive subjects are deliberated (Sarantakos 1998: 266-67, Neuman 2000: 272-73). To address some of the limitations of key informant interviews, the direct personal observation technique is used in the study.

1.5.2.3. Direct Personal Observations

Qualitative data was also collected using direct observation by the researcher where feasible. Direct observation of important indicators is vital to cross-check information generated through other instruments. Such a research method employs vision as a data collection method and can be used together with other research methods such as interviewing and case studies (Sarantakos 1998: 207). Observation was one method of data collection, albeit in different forms, such as naïve observation. Everyday unstructured observation, participant observation, i.e., observation from inside the group, and active observation. That is the observer's full engagement in the study's course and direct observation - studies of the subject it intends to explain (Singleton and Bruce 2005: 314-19, Sarantakos 1998: 208-9).

Furthermore, observation was used jointly with other techniques in this study, for instance, in key informant interviews and case studies to crosscheck the data and information gathered. The researcher has been conducting studies on different subject areas in Ethiopian and African countries over the past 18 years (since 2002). Accordingly, observation is used to crosscheck, compare, and complement data used through other study methods.

1.5.2.4. Case Studies

A case study “is an empirical inquiry that investigates a contemporary phenomenon in-depth...” (Yin 2009: 18). Case studies are a viable research method when questions require an extensive and comprehensive description of some social phenomenon, especially when “how” or “why” questions are asked. The investigator has little control over events, and the focus is on a contemporary phenomenon within a real-life context (Yin 2009: 3). The purpose of a case study (like the experiment) does not represent a “sample.” Instead, the goal in the case study is to expand and generalise theories (analytic generalisation) and not to enumerate frequencies (statistical generalisation) (Yin 2009: 15).

There are about nine main types of case studies. These are typical cases, diverse cases, extreme cases, deviant cases, influential cases, crucial cases, pathway cases, most-similar cases, and most-different cases (Gerring 2006: 89-90, Seawright and Gerring 2008: 297). The typical case specifically refers to an intensive study to offer understanding of a larger situation. It must also be demonstrative of a more significant set of cases (Gerring 2006: 91). Some scholars argue that in the case of studies, attention must be given to purposive sampling, while random sampling is not recommended (Seawright and Gerring 2008: 294). Four typical cases, which are considered a representative of Ethiopia's developmental state, are chosen and analysed. These are the Industrial Parks (IPs) development, leather industry, road construction and railway network, and housing development in Addis Ababa.

There is no single case study method. Indeed, rather, a variety of research techniques may be employed in case studies. The case study design, in this case, is embedded multiple-case design, as the same study has more than a single case, and each case study demands the collection and analysis of survey-interview data. This design is highly commendable, as it has a robust effect (Yin 2009: 53-62).

For case studies to observe and construct validity and reliability, the following principles are admirable: using multiple sources of evidence, establishing a chain of evidence, and reviewing the case study report by key informants, as well as observing case study protocol. In particular, many

scholars in case studies urge that the case study protocol should be followed. These are procedures in conducting case studies, and if any researcher follows these procedures s/he will arrive at the same results for similar research (Yin 2009: 42, 67, 76, 79-80, Sarantakos 1998: 191). Some case study protocols were therefore observed in this study. These are:

- i) To begin with, an overview of the case study (general part), including the research objective, the research questions, the outline of the conceptual framework, and the expected outcomes, are reflected (Yin 2009: 82, Sarantakos 1998: 193).
- ii) Data collection procedures or field procedures, including choosing the case to be studied, the ways of gaining access to the research unit to be studied, and the data collection plan must be also be indicated. In this regard, data collection is suggested through multiple sources of evidence as it provides a broader spectrum of analysis and higher constructs validity (Yin 2009: 11). Accordingly, interviews, personal observation, and document review are employed. Visits to select case studies for personal observation and interviews were also conducted.
- iii) Case-study questions, that is, questions to be answered in the case study as a reminder of the issue must be reflected (in this regard, semi-structured questions developed- see Appendix D. for more information) (Yin 2009: 82, Sarantakos 1998: 194).
- iv) A guide for preparing the report or tentative outline of the case study report must be reflected (Yin 2009: 82, Sarantakos 1998: 194).

1.5.2.5. Secondary Sources/ Desk Research

It was used to gather, compare, and contrast existing knowledge in the subject matter (Neuman 2000:292). Secondary data document review involved collecting and analysing a vast array of information from both published and unpublished sources. Based on the literature review, an analytical framework that offers explanations on the emergence and development of Ethiopia's developmental state was developed.

The study uses secondary sources or desk research by assessing relevant literature, such as publications at national and international levels, books, newspapers, magazines, and journal articles. Secondary literature was reviewed with the following purposes in mind: clarifying the context of data required for the research, preventing the collection and analysis of too much primary data, and formulating appropriate research questions for the primary data surveys. This method also focused on analysing government / official documents on sources of policies, including the Growth and Transformation Plan (GTP I and II) and other relevant government

documents on the objectives of the developmental state in Ethiopia. This had conceptual implications and helped to identify the origin, nature, and type of developmental state in Ethiopia. The advantage of content analysis is its modest and non-reactive method. Furthermore, it is possible to capture, analyse, and reanalyse quantitative data (Robson 2002:349, Neuman 2000: 34-35).

Chapter two of the study depends on secondary sources such as journal articles, books, and conference proceedings using the original sources. A possible limitation of this form of data collection is irretrievability and access to relevant data may be limited. This is addressed by the early gathering of necessary data and relevant documents from books, articles in journals, magazines, newspapers, conference proceedings as well as electronic media, including radio, television, and internet sources (Robson 2002:349).

1.5.3 Target Population and Sampling Techniques

In this study, the researcher targeted a specialised population group that is familiar with Ethiopia’s experience of the developmental state. Through simple random and purposive sampling techniques (Sarantakos and Sotirios 1998: 141), the respondents were chosen if they complied with the criteria mentioned above: first degree and above from a cross-section of society in terms of ethnicity, regions, age, social status, educational level, political affiliation, and gender. The respondents were also believed to be knowledgeable and have professional experience in the theory and practice of Ethiopia’s developmental state.

Sample Size Determination

The sample size was determined using the statistical formula for population size (N) that is greater than or equal to 10, 000, recommended by Kothari (2004)⁴.

Determination of the sample size was based on the formula given by Kothari (2004)

$$n = \frac{pqZ^2}{E^2} \dots\dots\dots \text{equation 1}$$

Where; **n** is the sample size, **Z** is confidence level 95% (Z=1.96), p is the proportion of the population of interest, smallholder farmers in the study area p= 50%. Variable q is the weighting variable, and this is computed as(1-p) and is an acceptable error (e=8%). P is set to 0.5 since,

⁴ See Kothari, C.R., 2004. *Quantitative Techniques*. New Delhi: Vikas Publishing House pvt. Ltd.

statistically, a proportion of 0.5 is insufficient and reliable size, particularly when the population proportion is not known with certainty. This led to $q = (1 - 0.5) = 0.5$. The non-response rate of 10% the sample size is $n = \underline{150}$

$$\begin{aligned} \text{I.e. } n &= z^2 \cdot p \cdot q / e^2 \\ n &= (3.8416)^2 \cdot (0.5) \cdot (0.5) / (0.08)^2 \\ &= 150 \\ n &= 150 \cdot 10\% = 15 \\ n &= 150 + 15 = \underline{165} \end{aligned}$$

In this regard, 150 experts participated in the study and provided their perception and opinion as a response to sets of questions. To enhance the responses' reliability and credibility, the experts were carefully selected to have a desirable level of stability and accuracy. The use of poorly selected experts may lead to unstable or biased responses. In this context, around 200 questionnaires were distributed of which 165 were returned. However, around 15 questionnaires were not filled properly while the remaining 150 questionnaires were properly filled and analysed in the survey. The timeframe during which the survey was conducted was towards the end of the Hailemariam regime (early 2018).

The researcher also used a purposive sampling technique (Sarantakos and Sotirios 1998: 152) with regard to the Key In-depth Interview (KII). In this context, 25 individuals were interviewed for the KII, particularly eminent government officials, distinguished experts in the field of the developmental state in Ethiopia, media, and non-state actors, key opposition party figures, and non-governmental organisations. Furthermore, snowballing sampling techniques were employed to identify the right person for this interview and one person to identify other people until a sufficient number of the interviewees were identified (Sarantakos and Sotirios 1998: 153). The KII conducted throughout the PhD period starting from early stages to the final stage (from January 2018 to December 2020).

1.5.4 Method of Data Analysis

After completing the fieldwork, the data collected using different methods was processed before starting the data analysis. According to Kotari (2004), data processing implies editing, coding, classification, and tabulation of the collected data to be amenable to analysis. Therefore, exploratory, descriptive, analytical, and critical methods of data analysis were employed. Exploratory research is essential to develop and test hypotheses and theories (Sarantakos 1998: 7).

Data collected from the survey through the close-ended questionnaire method was encoded, categorised, and analysed, based on selected indicators (i.e., a checklist that indicates features of the developmental state against the Ethiopian experience). The Census and Survey Processing System (CSPro) was used for data entry, and Statistical Package for the Social Sciences (SPSS) was used for data analysis.

Furthermore, descriptive statistics such as frequencies, percentage, and means were applied to present, describe, and analyse the data because descriptive statistics summarise the features of a distribution. It is a reflection of reality, and it shows the characteristics of the population. In line with this, the researcher used a standard deviation and a T-test. Standard deviation is the most stable measure of variability and includes every score in its calculation. The T-test was used to determine whether two groups of the score were significantly different at the selected probability level.

Data collected from qualitative interviews were analysed through the following five steps: First, the data from the original form was transcribed from tape recordings or notes onto paper. Second, came the checking and editing of the transcripts for further analysis. Third, data interpretation and analysis followed. This involved coding, data reduction, identifying trends in data, and developing categories. The fourth step was when the individual interviews' findings were generalised, and differences and similarities identified, allowing for the development of typologies. The final step was verification, which involves a process of checking the validity of interpretations. This step helps to verify or modify hypotheses already arrived at previously (Sarantakos 1998: 321, 343, Singleton and Bruce 2005: 245-46).

Analysis of data in observational research in a qualitative context, for instance, in participant observation, is conducted through techniques that are not structured and standardised, and close observation (Sarantakos 1998: 322). Still, data analysis in an observational study of the qualitative model is engaged towards establishing, testing, modifying, classifying, and comparing concepts - in this specific case, the concept of a developmental state in Ethiopia (Sarantakos 1998: 322-23).

Concerning the case studies, some notable case study analysis techniques were employed. These were (i) explanation building, which is a narrative that reconstructs a case's logic. (ii) time-series analysis, where trends over a certain time are compared, and (iii) the repeated observation technique, which entails repeating observations at various levels, i.e., over time, across sites, and embedded units (Yin 2009: 127-162, Sarantakos 1998: 322-23). Findings from the case studies

were reported using thorough narratives and linear analysis (literature review, methods, analyses, including findings, and then conclusions with theoretical implications) (Yin 2009: 179-185).

Findings from the case studies were used to establish and strengthen explanations on the theory and practice of the developmental state in Ethiopia. The secondary sources' data were carefully analysed, especially for the qualitative part of the report, and used to supplement the survey from the expert panel and interviews.

Finally, data from the aforementioned research methods, namely surveys, observation, case studies, and desk research, was interpreted and summarised. This was done by taking the research questions and study objectives into account. Accordingly, relevant findings were drawn, and the conclusions and policy recommendations are articulated. Partly as a showcase to this, in Chapter two - an analytical framework that offers explanations on the emergence and promotion of a developmental state in Ethiopia is developed. It outlines pertinent concepts relating to the emergence of Ethiopia's developmental state and identifies some interrelated factors that can be cited as explanatory factors. These are visionary leadership, right policies and institutions, centralised and long-term oriented rents, developmental ideology, and internal and external aspects.

1.6. Validity and Reliability

The internal validity of the research is upheld by the reliance on the prepositions based upon an extensive literature review. The literature informs the conceptual framework and guides the collection of the empirical data. Secondly multiple instruments are employed, which leads to a better understanding of the major concepts and their relations. The external validity of this research is high as the findings of a study have any larger 'transferability and generalisability' a similar cases having long duration and intensity of data gathered as well as rich description (Sarantakos, Sotirios, 1998: 82-83).

The reliability of this research is upheld by the use of multiple sources of data collection. Document analysis, expert survey and interviews as well as observation are used as complementary strategies to gather empiric data. The combined use of these techniques increases the reliability or consistency as it makes it possible to gather more empirical data relevant to the analysis of the cases (Singleton and Straits, 2005: 91). The reliability of the interviews is upheld by having selected recognised experts on the issues at hand to be interviewed. The reliability of the document analysis is upheld by using different sources of written data. Reliability test for the expert survey is also conducted under annex E, which gives a Cronbach's alpha coefficient. A

score of over 0.7 shows for high internal consistency. In this case, $\alpha = 0.953$, which shows a highly reliable or strong internal consistency between each variable.

1.7. Ethical Considerations

Some ethical considerations were applied during data collection and analysis. Due to the sensitive nature of the topic, when interviewees and experts were approached, they were briefed on the research's objective. Interviews were recorded only when authorised. When this was not possible, notes were taken. Furthermore, the respondents were informed that confidentiality, if required, would be maintained (Marcyy 2005). In this context, the most critical ethical issues, which are prominent in social science research (Creswell 2012; Neuman 2007) are observed in this study:

- i) The principle of voluntary consent was strictly followed;
- ii) Respecting the participants' rights, dignity, and welfare at all times – no guilt, fear, etc. caused to them by the research;
- iii) Anonymity: the study will not use any names and addresses in the final report or store or categorise information using names and addresses. This will help to ensure that what the informants have said during the discussion will not be traced back to them by third parties;
- iv) Confidentiality: the information is not disclosed directly any information provided in this group to third parties unless permission has been granted to do so;
- v) High value is given to objectivity and integrity (the researcher must try to avoid biases);
- vi) Scientific misconduct (research fraud and plagiarism) was avoided. Scientific misconduct occurs when a researcher falsifies or distorts the data or the methods of data collection, or plagiarises the work of others; and
- vii) On the first page of the survey questionnaire and questions for Key In-depth Interview (KII), a short code of ethics was explained to everyone who took part in the research. This mainly includes anonymity, confidentiality, right to privacy, and data protection.

1.8. Significance and Contributions of the Research

The subject of this research is a timely, pertinent, and evolving development issue. Indeed, while there is enormous momentum for Ethiopia's developmental state agenda, it is not backed by the adequate generation and dissemination of knowledge. The literature on the subject is surprisingly sparse. The study of developmental states in literature has mainly focused on Asian countries, with a very few articles on African cases. This study's significance is thus its contribution to the growing literature and knowledge on emerging developmental states in the African context using

the Ethiopian experience. The research therefore makes a valuable contribution to development theory and practice by creating a thorough understanding of Ethiopia's emergent developmental state experience.

1.9. Limitations of the Research

The study is not without challenges. During the course of the research, several problems were encountered. First, the literature related to Ethiopia, is surprisingly sparse and only just evolving. There were problems obtaining up-to-date literature and official government documents, some of which are classified. Second, the research was highly dependent on the accessibility and willingness of experts and key actors to respond to the questionnaire and in-depth interviews. Third, disclosing the names of interviewed people and government officials was another challenge due to the study's sensitive nature. Fourth, a tape recorder was not used for all interviewees during crucial informant in-depth interviews. To bridge this gap, the researcher maintained a good record of the interview and reported data crosschecked with interviewees.

1.10. Structure of the Dissertation

The dissertation is organised into five chapters: The first chapter provided the introduction, which included the study's background and motivation, statement of the problem, objectives, research questions, research design, significance and contributions of the research, limitations of the study, and the dissertation structure.

The second chapter is the literature review, which looked at the origin of the idea of the developmental state and its features, the changing role of the state in development, and the conceptual frameworks, including debating the developmental state. Key features of developmental states and varieties of states that claim to be developmental, including examples - particularly the experience of developmental states in Africa - are also analysed in this chapter. Drawing from the literature review and conceptual framework, the chapter also indicated the main analytical framework, which identifies several interrelated factors that can be cited as explanatory factors for the emergence of a democratic developmental state.

Chapter three, which is the main part of the study, offered an analysis of the extent to which Ethiopia exhibits a developmental state's characteristics. The chapter provided an analysis of data and interpretation of findings. The chapter analysed the empirical findings based on the literature review and analytical framework discussed in chapter two of the study. The chapter also examined the Japanese factor in early Ethiopian development thinking, how and why the developmental state re-

emerged in Ethiopia, and general features of a democratic developmental state within the context of Ethiopian experience. The chapter relied on the quantitative data, namely the survey and the qualitative data generated from KIIs as well as desk research.

Chapter four analysed and discussed case studies as reflections of developmental state policy in Ethiopia. The case studies further examined industrial and other projects implemented under the first Growth and Transformation Plan (GTP) I and II. These are industrial parks development, the leather industry, roads and railways, and condominium housing development. These case studies are considered as flagship projects of the Ethiopian developmental state, among others.

The last chapter provided key findings, conclusions, and feasible policy recommendations for future intervention by the concerned bodies as well as future research agenda. The chapter revisited the main thesis and research questions of the study. It synthesises the main summaries of each chapter and draws a conclusion from it. The implications of these conclusions are assessed and recommendations are made.

1.11 Conclusion

The chapter, in summary, provided a background and also introduced and motivated the study. The chapter unpacked the factors that led to the resuscitation of the developmental state in Ethiopia. The chapter also elucidated the problem statement, objectives of the study, research questions, research design, the study's significance, the structure of the study, and limitations of the study. The subsequent chapter provides an in-depth literature study in order to develop an analytical framework that enables one to understand, study, and explain the formation, dynamics, and prospects of the developmental state.

CHAPTER TWO

2. THE DEVELOPMENTAL STATE: ITS ORIGIN AND FEATURES

2.1 Introduction

The chapter aims to develop an analytical framework that enables one to understand, study, and explain the formation, dynamics, and prospect of the developmental state. The first and central issue the chapter examines is debating the developmental state's concept, key features of the developmental state, and the conditions for the emergence of a democratic developmental state. The second section provides an integrated analytical framework that offers explanations on the emergence and promotion of the developmental state, which will be used to analyse the Ethiopian case in the subsequent chapter. It outlines pertinent concepts on the emergence of a developmental state in Ethiopia. Furthermore, the study's analytical framework identifies many interrelated factors that can be cited as explanatory factors for the emergence of a democratic developmental state in Ethiopia. These are visionary leadership, the right policies and institutions, centralised and long-term oriented rents, developmental ideology, as well as internal and external aspects.

2.2 Conceptual Framework

Drawing on the literature review from original and contemporary thinkers of developmental states, a conceptual and analytical framework is developed. Three issues are addressed in the conceptual framework of the research. These are: (i) debating the developmental state, in particular, the contentions in understanding the concept, (ii) key features of the developmental state, and (iii) analysis of varieties of states that claim to be developmental.

2.2.1 Debating the Developmental State

The concept of a developmental state has recently been one of the most attractive development study notions. This is mainly because it provides a counter-argument to neoliberal ideology, and it can offer development options to the least developed countries in the shortest time possible (Dassah 2011: 588). There is, however, no agreed definition of the developmental state. Instead, the discussion and debate on this definition are a work in progress. Routley captured the controversy in understanding the term developmental state as “disputed and evolving” (2014: 160). This is reflected partly in the diverse names given to a developmental state, i.e., proactive state, a rational plan state, hard state, activist state, promotional state, transformative state (Johnson

1982, Evans 1995: 59, Mkandawire 2001: 290). Leftwich (2002: 61) argued that the developmental state concept is “both insecurely defined and weakly theorised”.

Nonetheless, like other social science concepts, the developmental state concept can be defined and conceptualised in diverse ways. Johnson (1982) was one of the pioneers in examining the concept of the developmental state in his renowned article, “Ministry of International Trade and Industry (MITI) and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975”. In the article, Johnson reflected on how Japan became an extraordinary global economic power after World War II. In particular, he indicated the role played by MITI and private companies. He defined a developmental state as one that aims to achieve speedy economic growth, industrialisation, and social developmental outcomes (Johnson 1982: 19-20).

This is for the reason that for late industrialised countries, the state itself took responsibility for structural transformation and development (Johnson 1982: 19). In this regard, Johnson classified the then Japanese state as a state where development dominates. For him, in such a state, the government intervenes in the economy to address two underlying questions of “how” and “for what purposes” government intervenes. Legitimacy in this kind of state comes from accomplishments and the source of power (Johnson 1982:18, Johnson 1999: 53). The Japanese developmental state model was replicated later in South Korea, Taiwan, Hong Kong, Singapore, and other Asian countries and is known as the East Asian developmental state model.

For Evans, the developmental state is a transformative state. The state does have the amalgamation of both autonomies - bureaucratic insulation and embeddedness - a strong bond that links the state with society for joint development goals (1995: 50, 59). He called a state developmental when the state is able to promote the collective good of its citizens (1995: 44). Routley (2014: 160), on the other hand, argued that the developmental state is more of a political and ideological notion. Johnson also pointed to the political nature of Japan’s then developmental state (1982: 25). Leftwich called this the “primacy of politics” in determining development and democracy (2002: 77).

Mkandawire further consolidated this idea by highlighting two essential features of the developmental state that distinguish it from other types of states. These are ideological and structural. He explained the word ideological, indicating that a developmental state is “developmentalism”, i.e., its sole mission is to guarantee economic development or industrialisation (2001: 290). According to him, the developmental state’s structural aspect refers to the ability to successfully and wisely implement economic policies. This can be determined by

several factors, such as political autonomy and public institutions' capacities (Mkandawire 2001: 290).

A developmental state is also equated with the one that results in development products. This includes, among others, economic growth, improved living standards, and legitimacy (Evans 1995: 73, Routley 2014: 161). Routley further argued that such an element of the developmental state attracts political leaders and policymakers (Routley 2014: 172). Doner et al., on the other hand, argued that the developmental state grows in "systemic vulnerability". It refers to the concurrent interaction of three separate political environments/constraints, which are both compulsory and adequate factors for the emergence of developmental states (2005: 328). These present dangers, such as citizens' impoverished living standards, that may result in uprisings, nationwide insecurity, and tough budget limitations (Doner et al. 2005: 328, 330)

For them and other scholars, systemic vulnerability is the condition that necessitated the emergence of developmental states in South Korea under Park Chung Hee, Singapore under Lee Kuan Yew, and Taiwan under Chiang Kai-Shek (Wade 1992: 314, Done, et al. 2005: 330, Leftwich 2009: 21, Ohno 2009: 11, Musamba 2010: 12, 36, Both 2013: 6, Kieh 2015: 8). This argument is also applicable in the emergence of the Ethiopian developmental state, which originated following the Ethiopia-Eritrea war, the resultant party crisis in Tigrean People's Liberation Front (TPLF), and the split, and the 2005 national election crisis. To corroborate this argument, in one of the interviews Meles confirmed this indicating that unless Ethiopia registers fast economic growth, it will cease to exist (De Waal 2012: 7). Booth further argues that Ethiopia and Rwanda are following the developmental state model to avoid rural threats (2015: 3).

It is also essential to recognise that the developmental state is evolving and dynamic as it exists in "time and space" (Johnson 1999: 43, Leftwich 2002: 62, and Meynes 2010). Meynes indicated that a developmental state must be dynamic enough to address the challenges it confronts from time to time, otherwise it can become static and unable to move forward (2010: 55). Routley also argued that if a developmental state emerges in contemporary time, it will dramatically differ from states originally labelled as developmental (2014: 171). Evans reflected that one of the developmental state's underlying features in the 21st century is embracing stronger, more capable state institutions and shared national projects, including industrialisation. It must also possess a higher form of embeddedness embracing more societal actors, including civil societies, than the private sector alone (2008: 1, 15-17).

Johnson also reflected on the changing nature of the Japanese developmental state as the original developmental state, evolving later into a regulatory state, then a welfare state. He also indicated that it is open to change into another form of state as desired by society (1999: 37). Leftwich argued along this line that any type of developmental state - democratic or authoritarian - undergoes changes such as origin, consolidation, and conversion into another type of state (2002: 62). In this context, Leftwich (2002: 61) defines the developmental state as “a transitional form of modern state ... emerged in late-developing societies ... driven by an urgent need to promote economic growth and to industrialise”. He further argues that a developmental state is necessary to “catch up and to win legitimacy from citizens” (2002: 61).

The definitions given to the developmental state do present challenges. Mkandawire reflected that the definition given to it suffers from “being tautological” as state strength is based on economic policies and economic development (2001: 290-291). The developmental state model is also criticised as irrelevant after some economic growth stage, as evidenced by the Asian financial crisis (1997) and economic slowdown, as demonstrated in Japan and China (Mkandawire, 2001: 290-291).

From the preceding discussion and debates, it is possible to define the developmental state as a state with a developmentalist creed, i.e. a dynamic state that aims to actualise speedy economic growth, industrialisation, and improved living standards with an insulated and embedded bureaucracy. Such a state convincingly stakes its political legitimacy on its ability to bring about massive and sustained poverty reduction and structural transformation of the economy. The next section, informed by the definitions mentioned above of developmental states, analyses development states’ key attributes.

2.2.2 Key Features of the Developmental State

Just as the meaning and definitions of developmental state are debatable; likewise, the exact features of a developmental state are contested (Routley 2014: 162; White 2002; Leftwich 2002). However, the literature indicates that there are some necessary attributes for the emergence and growth of developmental states. In this context, the principal characteristics of the developmental state include the following:

First, a political leader, who is determined and committed to bringing development, is pertinent despite the regime’s nature, i.e. democratic or authoritarian. In particular, developmental leadership manages to mobilise resources: human, material, and financial (Lyne de Ver 2009: 9). This kind of leadership is instrumental in crafting appropriate policies and institutions for poverty

and unemployment reduction, income distribution and equity as well as successful economic performance as indicated in East Asian countries (Wade 1992: 300, Leftwich 2000:160, Musamba, 2010: 21-22, 25, Both 2013: 5, Leftwich 2009: 10-14).

In South Korea, Wade identified the following four outstanding achievements of the government. Firstly, a sustained increase in per capita income; secondly, export trade performance; thirdly, industrial transformation, and finally, poverty reduction (Wade 1992: 176-78). Not only developmental leadership but also an orderly leadership succession plan is vital to sustaining the developmental state agenda across generations, as the experience in Southeast Asia and Africa demonstrated (Kelsall 2013b: 1, 48). In the Ethiopian context, the late Prime Minister Meles Zenawi was recognised as the architect of the country's developmental state policies and strategies with a leadership succession plan.

Second, designing the right institutions and policies is pertinent to developing developmental states (Rodrik 2003: 10, Wade 1992: 272-74, Evans 2008: 16, and Rodrik 2000). Institutions are collections of agreed norms, rules, procedures, and routines. They are formally established and written down or informally embedded in the culture. Institutional quality is measured by bureaucratic efficiency, the absence of corruption, property rights protection, and the rule of law, among others (Nissanke 2016). Mkandawire indicated that the institutional structures needed for the rise of the developmental state did not always occur; but could instead be socially engineered (2001: 310). Evans argued that political institutions lay the foundation for economic growth and development (2008: 16). Even in the context of neo/patrimonial developmental states, the role of institutions and sound policies are significant (Booth et al., 2015: iv, Kelsall 2013a).

On the other hand, policies refer to principles to guide the decisions and actions governments take to achieve particular outcomes in the economic field. They are instruments for a government to intervene in the economy and facilitate the development effort of a country. It covers different aspects of the economy, such as taxation, government budgets, money supply, interest rates, and the labour market, national ownership (Nissanke 2016). Wade reflected that if poorer countries follow East Asian developmental state kind of policies, the same effect can be obtained (1992: 272-73). He also linked the economic development success in Japan, Taiwan, and Korea with the effective functioning of late industrialisation compared with other countries (Wade, 1992: 288).

Chang argued the importance of pragmatic and flexible public policy interventions such as tariffs, infant industry protection, subsidised financing, public-private investment, patent theft in “kick-

starting” the developmental state, citing the experience of small, wealthy European countries⁵ and today’s developed countries (2003a: 27, Chang 2003b: 3, 13, Chang, 2008: 18). He further argued that to grow faster, emerging developmental states must implement policies and institutions that suit them most (Chang, 2003a: 29).

Johnson primarily identified the importance of deliberate and steady public policies in actualising Japanese economic wonder since the 1920s (1999: 37). In East Asia’s Newly-Industrialised countries⁶, trade liberalisation, related export promotion, and industrial expanding policies have been essential determinants for their rapid development since the 1960s. This institutional arrangement promoted information flows within and between the public and private sectors. It also resulted in upgrading economic activities from lower to higher value global commodity chains. However, the second level of Asia’s Newly-Industrialised countries⁷ engaged in “intermediate state institutions”⁸ with outstanding growth and economic diversification with little upgrading (Doner, et al., 2005: 328; Evans, 2008; World Bank, 1993).

Third, state autonomy, especially in formulating and implementing policies, is an essential trait of the developmental state. State autonomy has two dimensions. The first is that the required state institutions and policies must be designed without other states’ external influences (Wade 1992: 304; Leftwich 2000; White 2002: 46). Leftwich noted that developmental state politics must possess adequate command, independence, capability, and legitimacy to realise developmental goals (2000).

The second dimension is that even within a state, there must not be a specific force that would influence the government to promote their interest (Mkandawire 2001: 290; Evans 2008; Leftwich, 2002: 61; Schmitz et al., 2013: 11). Mkandawire, for instance, argued that the autonomy of the

⁵ These are Austria, Belgium, Denmark, Finland, the Netherlands, Norway, Sweden and Switzerland (2003a: 27, Chang 2008: 18).

⁶ These are South Korea, Taiwan, Singapore and Hong Kong (Doner et al, 2005: 328, and Evans 2008, World Bank, 1993).

⁷ These are ASEAN-4 refers to Malaysia, Thailand, Indonesia and the Philippines.

⁸ It refers to instances where the state institutions could not conform to the principal attributes of developmental states. This is especially in relation to Weberian bureaucracy and embeddedness vis-à-vis the private sector as demonstrated in East Asian developmental states. It is a phenomenon where there is unevenness in bureaucratic coherence and significant clientelism in a public-private relationship (Evans 1995:45, 60-73; Doner et al, 2005: 334).

developmental state from forces within a state is important to engage its capabilities to formulate strategic economic policies (2001: 290).

Evans also noted that independence from the private sector and disciplining them whenever needed are important features of East Asian developmental states. He further argued that this is one of the explanatory factors for their success that differentiates them from less developmentally successful states in Africa and Asia (2008: 7). Indeed, Evans argued that what is needed for a developmental state is not just autonomy but also “embedded autonomy”, a network of ties that bind the State to groups or actors that become allies in the pursuit of developmental goals (1995). The 21st century of the developmental state, however, must be more “embedded in a broad cross-section of society” (the civil society and the private sector) than the 20th century developmental states (the private sector) (Evans, 2008).

Fourth, closely related to the second feature of developmental states, is a Weberian bureaucracy - competitive, merit-based, with adequate remuneration, long tenure with proper sanction when needed. Such a kind of bureaucracy is essential for the emergence and growth of the developmental state. Some studies attributed the South East Asian developmental states’ success to the presence and entrenchment of a powerful, highly competent, and independent bureaucracy, endowed with a high degree of prestige, legitimacy, and authority. This enabled these developmental states to implement policies and strategies under nationally defined developmental agendas; including creating fruitful links with the private sector (Johnson 1999: 38, Evans 1995: 25, Evans 2008: 6, Leftwich 2002: 63, and Doner et al., 2005: 334).

As Evans indicated, the Japanese case showed (see Box 1 below) the requisite of going beyond Weberian bureaucracy. It underlined the necessity of both internal and external informal networks for the State’s functioning. He further argued that the informal network gave the bureaucracy an internal consistency and commercial character, which would not be provided by meritocracy alone (Evans 1995: 49).

Box I: Attributes of the Japanese developmental state

The following were identified as essential attributes of the Japanese developmental state:

- 1) **Small and inexpensive bureaucracy** runs by talented staff and managers. The principal functions are developing policies that promote industrialisation, identifying the best means to implement such policies, and monitoring competition in the strategic sector.
- 2) **A political system** that allows the bureaucracy to operate effectively with creativity. In comparison, the legislative and judicial organs of government restricted to “safety valve” functions.
- 3) **Selective State interventions** mainly aimed at promoting market-conforming methods. This was done through governmental financial agencies, tax incentives, and creating platforms for the exchange of views, getting feedback, and revisiting policies.
- 4) **A pilot organisation with small -size think-thank functions:** with vertical bureaus for the implementation of industrial policy at the micro-level, with internal democracy from within the organisation—for instance, MITI.

Fifth, such states have a production-oriented private sector, and where this does not exist, the country is prepared to create one. State intervention in the East Asian developmental states represented a different type of capitalism. The intervention’s main goal was to promote the interest of the business sector and create conditions for capital accumulation and productivity improvement. In promoting such a purpose, the state used a mix of policies or instruments to engineer industrialisation. The most notable policy instruments used state-guided industrialisation, protectionism; industrial subsidies; incentives related to performance standards and targets; and creating a coalition between the state and the private sector (Wade 1992, Evan 1995, Meyns and Musamba 2010: 24, 30).

The state played a conscious role in changing small and medium enterprises to multinational corporations in Southeast Asian countries. Zaibatsu, industrial and financial business companies of Japan and Chaebol, business conglomerates in Korea, can be cited as good examples in this regard. For instance, “the combined sales of the top ten Chaebol rose from 15% of GNP in 1974 to 67% in 1984” and “the big four Zaibatsu alone had contributed more than 30% of Japan’s industries and 70 % of the commercial stock exchange” (Wade 1992: 285).

Concerning the role of the state in the rise of “The Rest”, Amsden reflected that the state had a crucial role as architect of new investments, distorter of prices, a provider of subsidies and protector and shaper of firms and labour (Amsden, 2001: 11, 286, 295). The East Asian model, identical as policies differ from one country to another. While South Korea supported the largest conglomerate business enterprises (Chaebol), Taiwan supported state-owned enterprises (SOEs) as pertinent tools of industrial development (Evans 1995: 55, Chang 2010: 83).

This makes the Taiwanese state “operate with a less dense set of public-private network ties than the Korean or Japanese versions of the developmental state”. The only thing in common about them is that they are all interventionists, i.e. “... to strategic necessities” (Evans 1995: 58) and use a mix of market and non-market policies, i.e. heterodox policies (see table 1 below on key policy determinants introduced by East Asian countries in the promotion of the private sector).

Table 1: Key policy determinants introduced by selected Asian countries developmental States (Policy, Institutions, and Practices)

South Korea	Taiwan	Japan	Singapore	China	Malaysia
Employed non-market asset allocations such as consolidations, mergers, and restructuring of Chaebol.	State-guided industrialisation, i.e., Supported State-owned enterprise	The Ministry of Trade and Industry (MITI), State guided industrialisation	Used a different model, i.e., combined free trade, targeted approach to FDI, and a massive SOE sector producing 22 % of GDP above the world average 9-10 %	State-guided industrialisation: subsidised and prioritised infrastructure for priority sectors.	State-guided industrialisation, i.e., public sector technology acquisition strategies using public enterprises with subcontracting for domestic firms.
Supported the big enterprises-Chaebol- through subsidies to accelerate catching up	Selective intervention ‘sectors, products, and processes crucial to future industrial growth.’	Bank-corporate organisations (Zaibatsu, Keiretsu)			
State-owned banks and State-owned enterprises, for example, the Economic Planning Board (EPB), the steel manufacturer POSCO played a crucial role in the catch-up process	Subsidising the licensing of advanced foreign technologies.	Implemented land reform to strengthen the political base			

Supported by land reform Infrastructure.	State-financed Research and development played a more crucial and pertinent role than in Korea and Japan				
Effective resource mobilisation strategy.	Supported by land reform to promote rural farmers and promote support and industrialisation.				
	Effective resource mobilisation strategy.				
<ul style="list-style-type: none"> • They all are interventionists---and use a mix of market and non-market policies (i.e. heterodox policies). 					

Source: Evans 1995: 57-59, Wade 1992: 286-295, Khan 2007: 18, Chang 2010: 83,

Sixth, commitment to expanding social and physical infrastructure is another landmark feature of the developmental state. Investment in soft infrastructure includes investment in human capacity and social policy and programmes. More specifically, it refers to investments in quality education, healthcare services, economic and social infrastructure in some cases, land reform as well as hard infrastructures such as roads, bridges, electricity grids, water, and sanitation (Wade 1992: 271, White 2002: 29, Evans 2008: 12, 13). Wade argued that even under neoliberal ideology, governments do have a crucial task in providing public goods, which may not be provided by the private sector, such as the promotion of hard infrastructure, law enforcement, and macroeconomic stability (1992: 271).

Evans argued that the capacity to increase services, mainly in health and education, is an important aspect of the developmental state in the 20th century and in the 21st century. He indicated that East Asian Tigers and China exploited industrial opportunities because of their broad-based investment in human capital, mainly in health and education. For Evans, this must be given precedence in the developmental state (Evans 2008: 12, 14). Zenawi indicated that the USA's outstanding universities were initially developed by the public and later with the envelopment of the private sector (Zenawi 2011: 156, 168).

Seventh, planning, and strategic interventions, which promote economic growth and broad-based developments, are essential developmental states' attributes. This includes the economic planning process and macroeconomic policy conditions (Wade 1990; Beeson 2004). Beyond the planning and the programmatic nature of the developmental state, the East Asian developmental states, however, demonstrated the importance of immediate action to address instant needs (Henley n.d.: 1-5, Routley 2014: 170).

Eight, the emergence of the developmental state is also grounded in the state's capacity to formulate and implement development policies, expand human wellbeing, enhance equity, and promote economic and social transformation. In this regard, capacity and commitment are indicated as the developmental state's principal trait (Johnson 1982: 8, Evans 2008: 4-5, 12, Beeson, n.d.: 5, Routley 2014: 161). Countries with institutional capacity backed by good policies grew at least eight folds more than countries that could not have these qualities. Improved policies and the capacity to deliver those policies are important explanatory factors for 60% of the higher growth performance of East Asian states (Fischer and Rotemberg 1994).

State capacity, therefore, is needed for the emergence of the developmental state. Among the other, four dimensions of state capacity are pertinent. These are regulatory or legal capacity; technical capacity; extractive or taxation capacity, and administrative or implementation capacity (Wade 1990; Wade 1992: 272-74; Evans 1995; Brautigam 1996; Evans 2008; Mkandawire 2001: 290). Please see table 2 below for more information on the four dimensions of state capacity.

Table 2: Four Dimensions of state Capacity: Regulatory, Technical, Resource Mobilisation and Administrative

Regulatory or legal capacity:	It enables the state to set and enforce economic and social interaction rules, leading to greater predictability.
Technical Capacity:	It gives the state specialised abilities to assist producers and manage macroeconomic policy, leading to more excellent stability.
Effective domestic resource mobilisation (DRM) capacity, including taxation capacity/funding of development:	It allows the state to raise revenues to pay for its programs. In a broader sense, this refers to the state’s ability to mobilise resources/revenues from within to invest in expansion and transformation.
Administrative/implementation capacity:	It encompasses the management skills that provide effective government service.

Source: Brautigam 1996; Wade 1990; Wade 1992: 272-74; Evans 1995; Evans 2008: 15; Mkandawire 2001: 290; and Kieh 2015: 13.

Ninth, as stated above, a developmental state is dynamic, which means it has important traits such as learning⁹, innovation, and adaptation. As Johnson indicated, the nature of developmental states in East Asia is both specific and generalisable (1999: 43). This necessitates learning, adaptation, and innovation in emerging developmental states (Routley 2014: 171). Wade (1992: 289), however, argues that innovation is not needed as such for late industrialisers other than learning. Amsden also argued that late industrialised countries mainly used learning. This means at the beginning, the entire reliance on industrialised countries' commercialised technology is vital to begin with for modern industries (2001:2).

In the Ethiopian context, Oqubay (2019b) argued that there has been learning from East Asian economies and Germany. For instance, he argued that there has been learning from the Japanese Kaizen approach, the transformation of technical and vocational education training (TVET) and university system from Germany, the establishment of sectoral institutes, and science and technology universities from the South Korean model, and learning from China's policymaking and industrialisation.

Finally, not only internal factors but also external geopolitical factors are crucial for the viability of developmental states (Johnson 1999:33; Wade 1992: 304, 312; Beeson n.d: 2, Mkandawire 2001: 291). As Johnson indicated, free access to Japan's primary export market and cheap transfer of technology contributed to the country's development (1982: 15). He further indicated that it is crucial to understand the cold war setting, which contributed to the development of Asian economies (Johnson 1999: 33).

Wade also indicated that Korea and Taiwan enjoyed massive development assistance and support from the USA as they were the "fault line" of Cold War global politics (1992: 312). He further argued that these countries' geographical proximity, cultural similarity, and historical familiarity with Japan created a pertinent economic development influence. This influence was evident both in trade and the emulation of Japan as a role model of development (Wade 1992: 312).

⁹Learning is persistent technological change, which is not instigated by formal research and development. However, learning, research and development are not mutually exclusive (Wade 1992: 301). For him, learning includes copying (borrowing), adjusting and updating (Wade 1992: 289)

The role of China in providing development assistance in hard infrastructure such as roads, railways, bridges, and energy generation to Ethiopia could not be undermined. On the other hand, Western countries have been providing support in soft infrastructure such as health, education, and capacity development as well as security-related issues.

In summary, in this section, using the successful developmental state model, I delineated the key features of the developmental state. These are performance-oriented leadership with a good succession plan, appropriate policies and institutions, state/bureaucratic autonomy and embeddedness, production-oriented private sector, commitment to the expansion of social and physical infrastructure, planning and strategic interventions, state's capacity/capability to formulate and implement development policies, learning, innovation and adaptation, and external geopolitical factors. These features provide the main factors against which Ethiopia's developmental state analysed in chapter three and subsequently relevant findings and conclusions with recommendations developed in the last chapter five of this thesis.

2.2.3 Varieties of States that Claim to be Developmental

From the literature review, it is possible to discern varieties of developmental states (Evans 2010: 37, Chang 2010: 94; Mkandawire 2010: 78). For instance, on how to develop a developmental state, Evans indicated no ideal one-size-fit model. He would rather contend for a flexible, creative experimentation process that suits the local context (2010:37). Mkandawire also argued that each country has to adapt and do so according to its local context (2010: 78). This demands trial and error for a while, as well as smart emulation, "borrowing innovations," and contextualising them according to the country's specificity and "even luck" (Ibid). In this context, there are varieties of states that are developmental. The most notable are captured and analysed in the subsequent discussions:

2.2.3.1 Democratic/Authoritarian Developmental State

The nature of political regimes has shaped and structured the discourse on the prospects of establishing and sustaining developmental states. Indeed, there is a fierce debate among scholars on the nature of political regimes and economic development conducive to developmental states.

Some argue that the institutions needed for development are incompatible with institutions needed to build and sustain democracy. This is true particularly if the State's objective is to overcome poverty (White 2002: 22-23, Leftwich 2005: 686, Routley 2014: 165). They further contend that

authoritarian government is free from the pressures of society and diverse interest groups. It also has the advantage of policy continuity and sustained economic development than the limited government tenure in a democratic governance system (Routley 2014: 165, White 2002).

In this context, the developmental state has to be ruled by an undemocratic government to effect development (Kidanemariam 2014: 12). Similarly, Leftwich argues that controlled democracy is better positioned to promote development than a democratic governance system (2002: 78). On the other hand, others argue the importance of democratic principles and institutions for developing democratic developmental states (Evans 2010, Randall 2007: 635).

However, it is important to underline that development or a developmental state is possible either in a democratic or authoritarian type of government as far as the necessary policies and instruments are in place. For instance, from the onset, Nordic countries such as Norway, Sweden, Denmark, and Finland and Brazil and India were democratic developmental state. In contrast, the developmental states in East Asian countries (Taiwan, South Korea, Singapore, Malaysia, Indonesia, Philippines, and Japan) were originated under authoritarian regimes (Johnson 1982, White 2002:44, Ohno 2009: 11, Musamba 2010: 26). Perhaps there is room here for the role of social consensus or social cohesion as a necessary component that helps promote the top-down aims of the developmental state.

White further argued that several of the developed countries barely developed through a democratic governance system. The most notable instances are Russia, Japan, and Germany (2002: 42). However, it is essential to understand that democracy helps create a strong foundation for legitimate human-centered development processes (Edighegi 2010: 4). Yet, it is not a prerequisite for development (Khan n.d.: 2).

Some scholars still argue the importance of a democratic and developmental state, in particular in Africa. This ensures the socio-economic and political inclusiveness and legitimacy of a state (Mkandawire 2010; Edigheji 2005; Edighegi 2010). Democratic governance refers here to a system characterised by free, fair, periodic and credible elections, transparency, accountability, the rule of law, respect for human and civil rights, among others (Dahl 1971: 3, Huntington 1991: 7, and Leftwich 2000: 55-56). While development/developmental, on the other hand, refers to a process of change resulting in an advanced economy that guarantees advanced ways of living (White 2002: 20).

Edigheji explained the democratic developmental state by referring to its goals and institutional aspects (2005: 8, 19). For him, such a state must have clearly defined socio-economic goals such as poverty reduction, addressing inequality, safety and security, and addressing imminent threats that require active state interventions (Edighegi 2005: 8). He argued that such a state has the legality to develop and enforce policies and strategies and mobilise the society towards the realisation of the developmental state agenda (Edighegi 2010: 4).

Leftwich provides a comprehensive definition of democratic developmental states: a state that can uphold a democratic governance system while engendering yearly “average GNP per capita growth rate of four percent” at the minimum for three decades. If the GNP per capita growth rates drop below this, that state could be termed as non-developmental democracy (2002: 62).

Leftwich also indicated a variety of democratic developmental states. These are developmental democratic states and non-developmental democratic states, each with its subdivision. He also indicated another type of developmental state known as a non-democratic developmental state, as exhibited by China and Cuba. See table 3 below for more information.

Table 3: Classifications of Developmental States (Democratic and Non-Democratic)

1	The Democratic developmental states	1.1. Developmental democratic states	Developmental democratic states lead by the dominant-party system , such as Botswana and Singapore.
			Developmental democratic states lead by a coalitional/consociational party system where no single party has emerged, such as Mauritius, Malaysia, and India.
		1.2. Non-developmental democratic states (with a sluggish economic growth rate)	Class-compromise non-developmental democratic states such as Venezuela (particularly from the nineteenth century to mid-twentieth century), occurred in Chile and the initial phase of South Africa.
			Party-alternation [non]-developmental democratic states such as Jamaica and Costa Rica.
2	Non-democratic developmental states		The socialist version of non-democratic developmental states with mixed capitalist economies such as China and Cuba.

Source: Leftwich 2002: 63-78.

White, however, asked a question about the possibilities of pursuing both democracy and development in tandem (2002: 26). Abugre expounded on the relationship between development and democracy as follows: both must be pursued in tandem and in an interconnected fashion (Abugre 2012: 2). Underlining the difficulty of achieving both democracy and development in tandem, however, White indicated that “a democratic developmental state ... may thus be a rare bird on the developmental scene in the future, as it has been in the past” (2002: 44).

2.2.3.2 Neo/patrimonial developmental state

Booth and Kelsall (2010) formulated the concept of the neo/patrimonial developmental state. Kelsall (2013a: 16-17), in his book known as *Business, Politics, and the State in Africa: Challenging the Orthodoxies on Growth and Transformation*, comprehensively used the concept. In it, Kelsall argued that better-performing neo/patrimonial developmental Asian and African states were the ones that managed to centralise rents to invest for an extended period (2013: 16-17).

This was achieved due to visionary and able leadership, limited democracy, top-down patrimonial relations, effective and efficient bureaucracy (Kelsall 2013a: 16-17). The issue of generating and adequately administering rents by policymakers is regarded as crucial to the experience in Japan, South Korea, Taiwan, and Singapore¹⁰ (Wade 1990, Khan 2000: 60-61, Mkandawire 2001: 301-302, Schmitz et al., 2013: 8).

Rents in this context are described as “above normal market returns by distorting markets through industrial policies” (Wade 1990: xviii). Wade further noted that the aforementioned countries had the political will, policies, and capacity to transfer rents from less productive to productive sectors of the economy (Wade 1990: xviii). Khan also indicated that “a number of rents”¹¹ and “rent-

¹⁰Robust incentives were introduced in these countries to boost profits above free-market levels. This happened through different fiscal instruments including tax exemptions and special depreciation allowances in particular for targeted specific industries to speed up accumulation. Trade, financial and competition policies were also used to generate rents that boosted corporate profits (Kelsall 2013a: 46-47).

¹¹ Rents according to him entail extra earnings that could not exist in inefficient markets (Khan 2000: 1) While Schmitz et al define rents in simple words as “above average profits” (Schmitz et al 2013: 7).

seeking”¹² were crucial in advancing capitalism in East Asian countries (2000: 60). Khan argued the impossibility of development without rent. However, he also indicated the importance of developing “institutions and politics to maintain developmental rents and rent-seeking” (2000: 61).

In this context, Kelsall produced four different regimes from a rent management¹³ perspective. Rents in his model are an important explanatory factor for differences in economic outcomes between and among African and Asian countries. Unlike orthodox thinking, the model outlines the circumstances in which neo-patrimonialism well-suited robust economic performance than good governance (Kelsall 2013a: 46-47).

The degree of centralisation and the length of time to which rent management is oriented are the two important hallmarks that can differentiate the typology. Indeed, the role of policies as experimented in East Asian developmental states was highlighted as a crucial factor. Policies such as increasing agricultural productivity, recognizing smallholders, and converting the gains from import substitution industrialisation to export-oriented industrialisation were also indicated as pertinent factors (Booth 2012a: 26, 30, Kelsall 2013a: 17, 24, 48).

The model also presumes four principal factors for achieving strong economic performance. These are the presence of a strong and visionary leader with an excellent political succession plan; the creation of a dominant party system with a consensual decision-making tradition; a constrained yet inclusive form of political democracy; a top-down patron-client network, and embedded bureaucracy (Booth 2012a: 26, Kelsall 2013a: 26, Kelsall 2013b: 1, Booth 2015: 17).

Rents are centralised when a political leader can have a system to generate main rents and allocate them. On the other hand, rents have a long horizon when created and invested in the productive

¹²Rent-seeking, on the other hand, refers to the spending of assets and energies in generating, keeping, or shifting rents. This can be legal such as “lobbying, queuing, or contributions to political parties” but they can also be illegal such as “bribes, illegal political contributions” (2000: 1).

¹³Rent management refers to the method of generating and withdrawing opportunities for extremely lucrative “investment and how they influence their allocation among” diverse agents for diverse aims (Schmitz et al, 2013: 7). Furthermore, effective management of rents needs “understanding the interest and objectives of actors who seek to obtain those rents” (Ibid: 9).

sector for an extended period by political leaders (Kelsall 2013a: 24). If rents are not adequately centralised, positive economic performance is unexpected (Khan and Blankenburg 2009: 348, Kelsall 2013a: 17-19). See table 4 below on the four regime types from a rent management perspective called “A Typology of Rent Management”.

Table 4: The four regime types from a rent management perspective called “A Typology of Rent Management”

		CENTRALISATION	
		Low	High
TIME HORIZON	Short	<p>Competitive clientelism</p> <p>Centralisation= Low</p> <p>Time Horizon= Short</p> <p>(Not preferred)</p>	<p>Nondevelopmental kleptocracy</p> <p>Centralisation= high</p> <p>Time Horizon= Short</p> <p>(Not preferred)</p>
	Long	<p>Ineffective developmental State</p> <p>Centralisation= Low</p> <p>Time horizon= Long</p> <p>(less preferred)</p>	<p>Developmental patrimonialism</p> <p>Centralisation= high</p> <p>Time horizon= Long</p> <p>(Perfect type)</p>

Source: Adapted from Kelsall, 2013a: 24..

Based on rent management, for instance, Kelsall classifies four kinds of developmental State. The first type is competitive clientelism. It is known with short-horizon rent management regimes where no one sees the long-term, as illustrated in the above figure. This type is characterised by low-rent centralisation, undisciplined rent management, and macroeconomic and political instability that do not aim for long-term investment. For these reasons, it lacks the environment needed to promote investment. This is partly because of less leadership interest. Some of the most

notable examples are Indonesia in Asia and the First Republics of Nigeria, and the Democratic Republic of the Congo, and Sierra Leone before the first military coup in Africa (Kelsall 2013a: 17-25, 146).

The second type is an ineffective developmental state. Close observation of the above figure reveals decentralised and long-horizon regimes. For this type of model, the leadership has a serious long-term vision for development yet is unable to control the creation and distribution of economic rents effectively to promote the interest of the citizens. The foremost instances are Cambodia, from 1970 to 1991, and Nigeria under General Gowon from 1966 to 1975 (Kelsall 2013a: 25).

The third type is non-developmental kleptocracy or centralised short-horizon regimes. In this type of model, the leadership/executive circle makes substantial achievements in rent centralisation. However, the leaders are unable to take the longer-term view because of political insecurity. Subsequently, the leaders and those with connections with them engage in grand corruption without limit. Examples of this model are General Abacha of Nigeria, Mobutu of Zaire, and Siaka Stevens of Sierra Leone.

The fourth type is developmental patrimonialism. It is also known as a developmental neo-patrimonial regime. This model is the most ideal of the rest. This is mainly for the reasons that the leadership is not only able to centralize over rents but also takes a long-term approach to rent maximisation. The level of corruption is not even as harmful as the other models, as there is a concern to grow the economy. The most notable examples that come closer to this model of developmental State in Africa are Ethiopia and Rwanda (Booth 2012a: 26; Kelsall 2013a: 17-26, 114, 146-47).

2.2.3.3 Social Developmental State

Chang (2010) expands the definition of the developmental state to include not only the pro-corporate developmental states of the East-Asian model but also the “left-wing Scandinavian ‘developmental welfare state’”. Whereas the legitimacy of the East-Asian developmental state depends on its attainment of high economic growth, the Scandinavian’s developmentalist welfare state depends on its reaching its social equity objectives through, among other things, welfare

policies and generally active government intervention. A social developmental state is typically characterised by promoting a human-centered democratic developmental state. This means people's democratic rights to participate in the policy formulation process that affects their lives are highly promoted and guaranteed (Kieh 2015: 2, 18, Meyns and Musamba 2010: 9).

Accordingly, such kind of developmental state is characterized by “timing and sequencing” the following policies: (i) pro-poor and pro-rural oriented public spending with the purpose of an improved life, agriculture productivity, and food security, and (ii) economic freedom for peasant farmers and small entrepreneurs (Van Donge et al., 2012: 55 and Booth 2012b: 1). These two are explanatory factors for diverse development outcomes among East Asian and Sub-Saharan African countries (Routley 2014: 169).

The third factor indicated is satisfactory macroeconomic management (Van Donge et al., 2012: 55 and Booth 2012b: 1). Henley further indicated three principles in choosing the aforementioned policies and their implementation, such as outreach-alleviate poverty on a massive scale; urgency-with great speed and expediency-results, not rules are pertinent (Henley n.d.: 1, 16).

In particular, Henley and Donge argue that these three factors are the right policy choices or game-changers that first caused success in building developmental states in Malaysia and Indonesia when their economies were at par with those of Africa (2015: 11). In such kind of developmental states, their motives vary. This includes promoting the ideology of social justice and nationalism (Henley and Donge 2015: 13).

Land reform has been a significant element that preceded the emergence of developmental states in Korea, Japan, and Taiwan. It contributed to economic freedoms for small-scale entrepreneurs and peasant farmers (Evans 1995; Routley 2014). Agricultural policies and land reform are not sufficient conditions for a developmental state to emerge, yet are argued as a necessary forerunner (Routley 2014: 169). Wade (1990: 297) cited Taiwan's as one of the largest non-communist land reforms. He saw land reform, alongside a ceiling on land ownership, as significant, arguing that they limit wealth accumulation inland and improve agricultural productivity. He also proposed that ongoing control on ownership is required to prolong these benefits (Ibid) also releases peasant farmers to migrate to urban/industrialised areas to join the labour force. On the contrary, due to

the sizable influence of large landed rural elites, India has been struggling to be developmental and build close relationships with business (Evans 1995: 67-8).

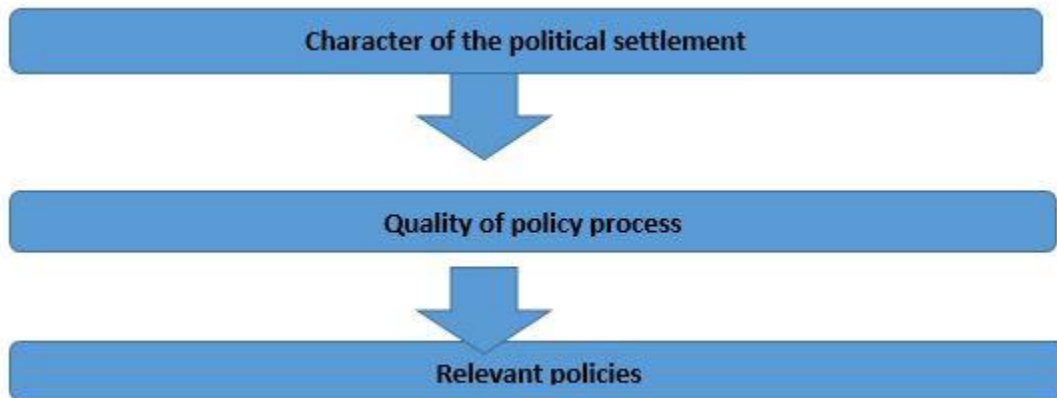
The research project on Tracking Development's (TD) done at Erasmus University- Institute for Social Studies (ISS) – paired East Asian and Sub-Saharan African countries such as Nigeria and Indonesia; Kenya and Malaysia; Tanzania and Vietnam; Uganda and Cambodia. The studies on Tracking Developments are pertinent to the debates on developmental states as they showed the importance of policies and principles, which are key to effect development (Booth 2015: 3; Routley 2014: 169).

2.2.3.4 Developmental Regime

Some scholars argue that the concept of a developmental state is exclusively centered on the experience of the East Asian developmental states (Booth and Golooba-Mutebi 2014: 1). The developmental state concept has limited viability (Portes 2005: 51, Booth 2015a: v, 31). Instead, the idea of a *developmental regime* is best placed to capture the diverse regime nature in Africa at the moment (Booth 2014: 1). The word regime here refers to issues between the long and short periods of state formation, government administration, etc. (Booth 2015b: 39).

The developmental regime also signifies attributes that support the production of development results (Booth 2015b: 39). The developmental regime concept is distinguished by three pertinent features (figure 1 below): the first one is policy content that aims to promote productivity in agriculture and industrial policy. The second is the ability to arrive at appropriate policies. This means choosing and implementing policies mainly through “principles of urgency, outreach, and expediency” (Both 2015b: 32, Booth and Golooba-Mutebi 2015: 1).

Figure 1: Developmental regime: An explanatory relationship among the three elements



Source Adopted from Booth et al, 2015b: 34

And the third aspect is a political settlement, which means institutions are pertinent. Yet, the way they operate is fashioned by other factors, particularly the power distributions among elites leading government institutions (Booth and Golooba-Mutebi 2014: 1, Booth 2015a, b: 7, 32, 33). Therefore, the essence of political settlement is an implied agreement among the major actors in a country amicably than in a violent way (Booth 2015b: 33).

The concept of the developmental regime is dissimilar from the concept of developmental states, but it is also pertinent and timely for the examination of the current development and governance in Africa (Booth 2015b: 34). Proponents of the developmental regime argue that Ethiopia and Rwanda are emerging developmental regimes in Africa. At the same time, Ghana and Kenya have potential, but also challenges (Booth and Golooba-Mutebi 2014: 1).

In summary, this thesis mainly uses authoritarian/democratic and neo/patrimonial models of developmental state models in analysing the Ethiopian experience. This is because the development/developmental state is possible either in the democratic or authoritarian type of government if the necessary policies and instruments are in place. This thesis identifies and analyses the policies and instruments Ethiopia used to follow the democratic developmental state model.

This thesis also uses neo/patrimonial models as an essential tool in analysing the Ethiopian growing democratic developmental state. This is because the centralised management of economic

rents by the Ethiopian government orient it to long-term investment. Moreover, the relevant policies and factors indicated under this model are also exhibited in Ethiopia's developmental state. These policies and factors are analysed at length in the Ethiopian developmental state model in chapter three, and in the case studies chapters as well as in the conclusion and recommendations.

Indeed, as indicated above, Ethiopia and Rwanda are the two countries that are closer to the ideal type of neo-patrimonial developmental regime called developmental patrimonialism. Lastly, some aspects of the social developmental state will also be analysed in this study. These are the Ethiopian government's role in promoting human-centered development policies, particularly pro-poor and pro-rural oriented public spending and economic freedom for peasant farmers and small entrepreneurs. Indeed, a developmental state is a state which convincingly stakes its political legitimacy on its ability to bring about massive and sustained poverty reduction, as noted above.

In general, in the above literature review, it was demonstrated that while the Ethiopian case is often referred to as an example of a developmental state in Africa, there is no comprehensive study unpacking its features and efficacy. The existing typologies are insufficient to unpack Ethiopia's model as they are soloed and do not allow for a comprehensive and more objective evaluation, hence the necessity to build an analytical framework that integrates the various parameters is timely and pertinent by identifying features that are considered important for the emergence of a successful developmental state. In this regard, an integrated approach bridging the different perspectives is reflected in the subsequent section i.e., analytical framework.

2.3. Analytical Framework

This section seeks to develop an analytical framework for an emerging democratic developmental state (see figure 2 for a summary). This is based on the literature review and analysis in this chapter (chapter 2), which subsequently used in the next chapter (chapter 3) in analysing the Ethiopian experience. The framework could also be used to analyse and assess other countries' developmental state experience. This is mainly for the reason that the analytical framework discusses pertinent elements on the emergence of a democratic developmental state in general.

Furthermore, the analytical framework identifies many interrelated factors that can be cited as explanatory factors for the emergence of a democratic developmental state. Based on the preceding discussion, these interrelated factors are visionary leadership with a good succession plan, appropriate policies and institutions, promotion of democratic values (free, fair and periodic elections, multi party system, check and balance), bureaucratic autonomy and embeddedness, production-oriented private sector, centralised and long-term oriented rents, developmental ideology, internal (systemic vulnerability), commitment to the expansion of social and physical infrastructure, planning and strategic interventions, state's capacity/capability to formulate and implement development policies, learning, innovation and adaptation, and external geopolitical factors. Therefore, these factors are the first parts of the analytical framework that will be investigated in this study, as indicated on the left side of figure 2 below.

As indicated in the literature review and analysis, these are relevant conditions for the emergence of a democratic developmental state. However, countries may possess these factors at various levels. Nevertheless, in order to qualify as a democratic developmental state, they must possess these traits.

The second component of the analytical framework is the developmental outcomes – existing and anticipated – of an emerging democratic developmental state. As discussed earlier in this chapter, these are economic growth, structural transformation attempts, and a modicum of economic and human development achievements. The most notable achievements are poverty reduction, education for all, primary healthcare, and women empowerment. It also includes peace and stability, democratic governance, and the promotion of human rights. In this context, another focus of the study is investigating the products of an emerging democratic developmental state.

As indicated in figure 2 below, this section is related to a one-directional relationship with the first section, i.e., the explanatory factor for the emergence of a democratic developmental state. It aims to analyse the impacts of the first section on section two – products of an emerging developmental state. When the explanatory factors for the emergence of a democratic developmental state are in place, it will lead to the anticipated results or products of a such a state. Detailed reflection on this logic is reflected in the literature review and analysis on how the factors are pertinent to build a developmental state (see sections 2.1, and 2.2).

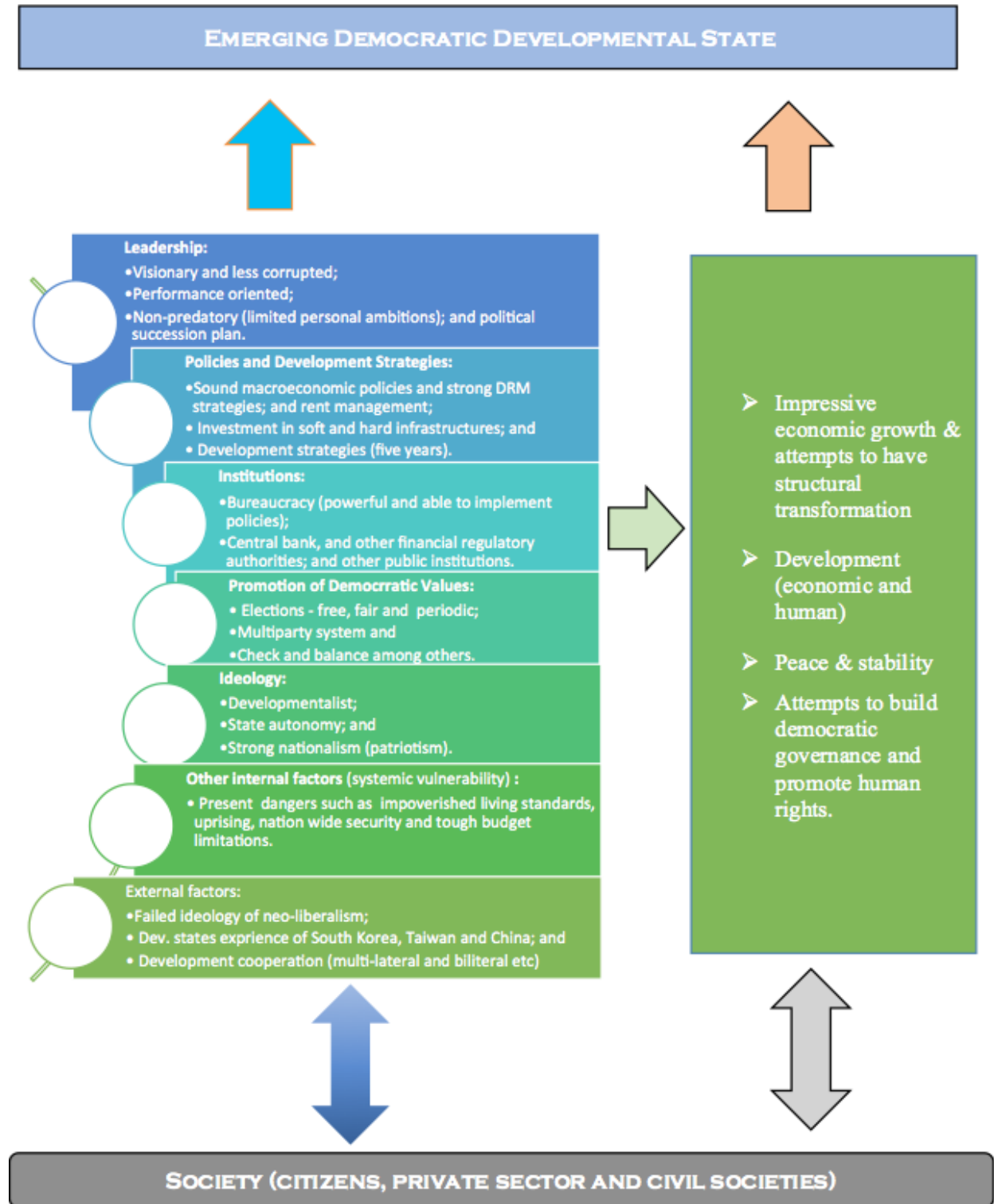
The third section of the analytical framework examines the impacts of the first section (including leadership of the government and other public institutions) and the second section on the emerging democratic developmental state, as illustrated in figure 2 with a one-directional relationship between the two sections. The logic here is that where there are appropriate explanatory factors and anticipated products, the emergence of a democratic developmental state would be imminent.

The analytical framework's final section investigates two kinds of the link, as shown in the lower segment of figure 2. The first part is the bi-directional relationship between the first section or the impact of the factors or indicators of a democratic developmental state on society (citizens, the private sector, and civil societies), and vice versa. Whenever a state embraces features of a developmental state, it will have impact not only on the development of the private sector as indicated from the experience of East Asian countries but also on the role of civil society in the governance and development process. This, in turn, will empower the private sector, civil societies and citizens to have positive influence on the democratic developmental state agenda of the country.

The second part of the final section in the analytical framework is interested in the role of society (citizens, the private sector, and civil societies) on products of an emerging developmental state such as an impressive economic growth and attempts to have a structural transformation of the economy, human and economic development, peace and stability, and attempts to build democratic governance and promote human rights), and vice versa.

That means it will analyse the role of different stakeholders in the development and the effect of development on diverse stakeholders in an emergent democratic developmental state. Empowered citizens, the private sector and civil society will help to actualize an impressive economic growth resulting in structural transformation of the economy with human centered economic development, characterised by peace and stability and democratic governance. These products of developmental state, in turn, will result in a strong private sector, civil societies and enlightened citizens.

Figure 2: An Analytical Framework for an Emerging Democratic Developmental State



Source: Analysed and illustrated by the researcher

2.4. Conclusion

The chapter provided a detailed analytical framework needed to conduct this study after the literature review. The concepts, features, and varieties of states that claim to be developmental are unpacked. The chapter also analysed the key concepts and factors that can be cited as explanatory factors for the emergence of a democratic developmental state. These are visionary leadership, appropriate policies and institutions, rents that are centralised and long-term oriented, developmental ideology, internal and external factors. These factors, which are relevant to the emergence of a developmental state, are indicated in the analytical framework.

The chapter also clearly indicated another focus area of the study: the investigations of products – existing and anticipated – of an emergent democratic developmental state. These include impressive economic growth, structural transformation attempts, and some economic and human development achievements. This includes poverty reduction, education for all, primary health, peace and stability, democratic governance, and human rights advancement. The next chapter will look at the viability and experience of the developmental state in Ethiopia.

CHAPTER THREE

3. ORIGINS, DRIVERS AND FEATURE'S OF ETHIOPIA'S DEMOCRATIC DEVELOPMENTAL STATE

3.1 Introduction

This chapter uses the conceptual and analytical framework developed in the preceding chapter to analyse the extent to which Ethiopia exhibits the characteristics of a developmental state. The survey results, particularly the questionnaire and Key Informants Interview (KII), are portrayed and analysed in a simplified manner using graphs and tables. The socio-demographic characteristics of the study participants are also briefly presented. The chapter also highlights the Japanese factor in early Ethiopian development thinking and factors that lead to the re-emergence of developmental state thinking in the country since 2002. It assesses Ethiopia's policies to create a democratic developmental state. In this regard, it reveals the government's policies and institutions to promote the concept and practice of a democratic developmental state in Ethiopia. The chapter also analyses the extent of Ethiopia's democratic developmental state and profiles major challenges and criticisms.

3.2 The Japan Factor in Early Ethiopian Development Thinking

The developmental state model was first attempted in the 1920s during the Emperor Haile Sellasie regime. The country's intellectuals of the day¹⁴ were zealous about the Japanese development model. Ato Kebede Mikael, for instance, documented Japanese civilisation and rapid modernisation in a short period in his book "How did Japan Modernize?" (1954). Haile Sellasie also sent a delegation comprising government officials and intellectuals to Japan in 1931 to study the Japanese development model and how it can be implemented in Ethiopia (Bahru 2002: 3-70). The first Ethiopian Constitution of 1931 was heavily influenced by Japan's Meiji constitution of 1890. The then Ethiopian Foreign Minister, Blatten Geta Hiruy, also met Emperor Hirohito of Japan and indicated Haile

¹⁴ These intellectuals such as Dr. Martin Workneh, Ato Kebede Michael, Negadras Gebre Hiwot Bykedagne, Blatten Geta Hiruy W/Silassie, and others, were known as "Japanizers" (Bahru 2002: 3-70).

Sellasié's commitment and determination to follow Japan's developmental State model (Kebede 1995: 272).

Several factors can be cited for the Ethiopian Emperor to follow the Japanese model of development. These are historical and political similarities as both countries were independent and led by imperial regimes. Japanese industrialisation and modernisation took a much shorter time in comparison to Europe. It also focused more on imparting knowledge and appropriate technology than importing goods from developed countries. The Japanese population gave full support to the government's effort to modernise the country. Unlike other countries, Japan did not modernize through violent revolutionary changes rather through the Monarch's vision and motivation (Kebede, 1999: 271).

Ethiopia's attempts, however, to follow the Japanese model of development were ineffective. This was mainly because a detailed study and possible lesson from the Japanese model of development was not conducted. The Emperor was not determined to implement the policies and lessons of Japan. Furthermore, the technological gap between the two countries was great. Finally, the Italian invasion and occupation of Ethiopia from 1936 to 1941, the eruption of the Second World War in 1939, and the defeat of Japan further eliminated any Ethiopian desire to replicate the Japanese development model (Zewde, 1990: 11). Furthermore, the driver of the agenda was the intellectuals of the day but not the Emperor.

3.3 The Re-emergence of the Developmental State in Ethiopia

The introduction of ethnic federalism, democratic governance, economic liberalisation, and democratic developmental state (since 2001) are the four important reforms Ethiopia introduced with the coming to power of the Ethiopian People's Revolutionary Democratic Front (EPRDF) (since 1991).

The federal system is based on the idea of recognising the rights of nations, nationalities, and peoples of Ethiopia up to and including secession (Constitution of FDRE, 1995, Article 39). The introduction of ethnic federalism in the Ethiopian governance system moved away from regarding ethnicity as a negative force to viewing it as a useful value to construct a democratic developmental state. The federal arrangement helped promote the representation of diverse ethnic groups, mainly the

dominant ones in the country's governance system. This has been possible through various federal and regional government institutions and also through the party system, i.e., EPRDF and its affiliates. The EPRDF is a coalition of parties, namely the Tigray Peoples' Liberation Front (TPLF), Amhara National Democratic Movement (ANDM), Oromo People's Democratic Organization (OPDO), and Southern Ethiopian People's Democratic Front (SEPDF), organised along ethnic lines. The parties in power in peripheral regions of the country, such as Benishangul-Gumuz, Gambella, Somali, and Afar, are not members of the coalition that forms the EPRDF. However, the parties in these regions were assisted in their formation and supervised by the EPRDF and are affiliates (Aalen 2002: 9, ICG 2009: 1, 4).

The party system (EPRDF), structure, and composition helped promote diversity, including ethnic representation and gender equality. This type of governance system, which is the first of its kind in Africa, helped to promote peace and stability, good governance, and democracy. According to Worldwide Governance Indicators (WGI), in the years from 1996 to 2014, Ethiopia made considerable improvements in government effectiveness, regulatory quality, the rule of law, and control of corruption (World Bank n.d: 4-7).

The country also introduced a democratic governance system. To this effect, there has been a constitutional guarantee of fundamental human rights, including political, economic, and cultural. There are, however, challenges in translating these laws into action. The electoral system and process, for example, have been underpinned by diminishing political space for opposition parties and irregularities and deficiencies. Following the 2005 elections, there was a democratic downturn in the country as the regime introduced draconian laws that restricted the press and civil society, and controlled the election board. As a result, the EPRDF won 99.9% and 100 % of the seats in the parliament in 2010 and national elections respectively.

According to Worldwide Governance Indicators (WGI), in the years from 1996 to 2014, there has been sluggish progress on voice and accountability, political stability, and the absence of violence/terrorism (World Bank n.d: 1-3). In particular, the recent intermittent protests in the country's Oromia and Amhara regions (from November 2015 to August 2016), where over 500

people died and thousands were imprisoned, are testimonies to this allegation. These protests resulted in a leadership change - the coming of the incumbent Prime Minister, Abiy Ahmed, and the change of Prime Minister Haile Mariam Desalegn.

Against the backdrop of the above developments, the restoration of Ethiopia's developmental state has been influenced by five interconnected factors, as clearly indicated in the introductory chapter. First, the Ethio-Eritrean War (1998-2000) was the leading factor. One of the erroneous assumptions of the Eritrean government before the outbreak of the war was Ethiopia was weak and fragmented, with different ethnic groups. Nonetheless, the reaction of Ethiopians towards the Eritrean invasion was quite unlike the assumption of Eritrean leaders. The unity of Ethiopians against Eritrea was not only the reason for Eritrea's defeat; it was also an eyeopener for Ethiopian government officials to enhance the sense of nationalism (Clapham 2013: 2). This also gave impetus to the current Grand National vision of the government of Ethiopia.¹⁵

Second, the Tigray People's Liberation Front (TPLF) crisis in 2001¹⁶ and the subsequent split precipitated the resuscitation of Ethiopia's developmental state. Despite the differing ideas about the Ethiopia-Eritrea war, there was disagreement about the ideological and development strategies.¹⁷ After the split, the group that stayed in power under the late Prime Minister Meles Zenawi affirmed its commitment and determination to follow the developmental state's ideology. The regime set out an ambitious development program intended to transform the country into a middle-income industrialised country by 2025 (Lefort 2012: 682, and De Waal 2012: 5).

¹⁵ The Ethiopian government started to develop the Grand National vision in 2000 and came up with the developmental state agenda in 2002 that included the building of universities throughout Ethiopia, the massive construction of roads since 2005, the Addis-Ababa Djibouti Railway (2011), the light railway in Addis Ababa (2011), the industrial parks development (from 2007), the sugar projects (from 2011), the Condominium Housing Project (from 2003) and the Grand Ethiopian Renaissance Dam (GERD) (from 2011), among others.

¹⁶ More detailed information and explanation on this can be found on Medhane Tadesse and John Young, 2003. *TPLF: Reform or Decline? Review of African Political Economy*, 30 (97): 389-403.

¹⁷ There were idea differences between TPLF officials during Ethiopia and Eritrea war. The first group under the late Premier Meles Zenawi wanted to defend the sovereignty of Ethiopia while others, such as Siye Abrha, wanted to overthrow Esayas Afeworki, the president, and annex Eritrea in the national interest of Ethiopia (Medhane Tadesse and John Young, 2003).

This gamble seems to have paid off, with the country registering remarkable economic growth since 2002. For instance, in terms of GDP, the country has been one of the world's fastest non-oil growing economies in Africa, averaging 11 percent per year compared to the regional average of 5 percent (UNSD Data, 1991 to 2019). If Ethiopia is able to maintain this trend, the country could potentially achieve middle-income status by 2025. The country also registered substantial achievements in the MDGs due to effective pro-poor and social spending. It has managed to achieve six¹⁸ of the eight MDGs. Correspondingly, the country's per capita income increased significantly from time to time (Woldehanna and Mesele 2019).

The country also witnessed a per capita income increase. From \$133 in 1995, the per capita income increased to \$235 in 2007, and surged to \$553 in 2014 and above 953 in 2019 (UNSD Data 1991 to 2019). The country had also made significant progress in its human development index, moving from 0.282 in 1990 to 0.470 in 2018 (UNDP, HDI, 1990 to 2018). This is an increase of 65.8 percent, and the country mainly achieved improvements in education, life expectancy, and income. The volume and flows of FDI have also grown from time to time in Ethiopia. FDI flows rose from nil in 1991/92 to 952,959,700 USD in 2013 and surged to \$4.1 billion in 2017 (UNCTAD Data, 1992 to 2017). This made Ethiopia one of the largest FDI destinations among the least developed countries.

Third, the 2005 national elections demonstrated that the Ethiopian Peoples' Revolutionary Front's (EPRDF) ideology of revolutionary democracy did not get the expected buy-in from the people. The party recognised that it must come up with new national development-oriented programs to win the people's hearts. The most notable programs introduced were large housing and infrastructure developments, the promotion of employment in urban areas through cobblestone construction, and small and medium business enterprises. The late Premier Meles Zenawi's government instituted the

¹⁸ These are Goal One (eliminate extreme poverty and hunger), Goal Two (realise universal primary education), Goal Four (reduce child mortality rate), Goal Six (ease HIV/AIDS, malaria, and other deadly diseases) and Goal Seven (guarantee environmental sustainability). However, the country is limited in achieving Goal Three (gender equality), and Goal Five (improve maternal health).

idea of a democratic developmental state, as opposed to their earlier ideology of revolutionary democracy (Oqubay 2015: 74, Negash 2012: 10).

Fourth, the Ethiopian developmental state also re-emerged as neoliberalism's ideology failed to generate Africa's expected economic development. Instead, it led African countries into another economic crisis and a delicate, insecure democracy (Zenawi 2011b: 1). This is evidenced at the late Prime Minister Speech at the Fifth Meeting of African Ministers of Finance, Planning, and Economic Development in March 2012:

We have to liberate our minds from the neo-liberal ideological shackles that have impoverished our thinking and hindered our progress... the neoliberal paradigm, which has devastated our economies over the past decades and which has now come back home to roost, needs to be discarded before we can do any of the things that we need to do to transform our economies. We know what that paradigm has done to sustain misery and underdevelopment in our continent. We now know what it has done to transform the financial sector of many of the advanced countries into casinos that have played a vital role in the current crisis. We need to free ourselves from the constraints of that ideology and pragmatically select our development path based on an empirical evaluation of what works and does not work for us.¹⁹

As a result, Ethiopia's developmental state re-emerged following a long drive in pursuit of a different way of economic growth that aligned with Ethiopia's immediate and long-term benefits (Wolde-Gabriel 2013: 2). South Korea, Taiwan, Malaysia, China, and, to some extent, Japan informed the Ethiopian developmental state model (De Waal 2012: 5, 7, Ohno 2014: 5, Oqubay 2015: 75). The Ethiopian developmental state model calls for a robust developmental state to fast-track economic growth and development. This is because such a state makes policy space²⁰, promotes and guides investments, and encourages a robust work culture among citizens (Zenawi ND: 39). An analysis of the experience of the East Asian developmental states - mostly that of

¹⁹Statement by H.E. Mr. Meles Zenawi, Prime Minister, Federal Democratic Republic of Ethiopia at the Fifth Meeting of African Ministers of Finance, Planning and Economic Development, 26th March 2012

²⁰ Refers to the the freedom, scope, and mechanisms that governments have to choose, design, and implement public policies to fulfill their aims (Koivusalo et al n.d.: 105).

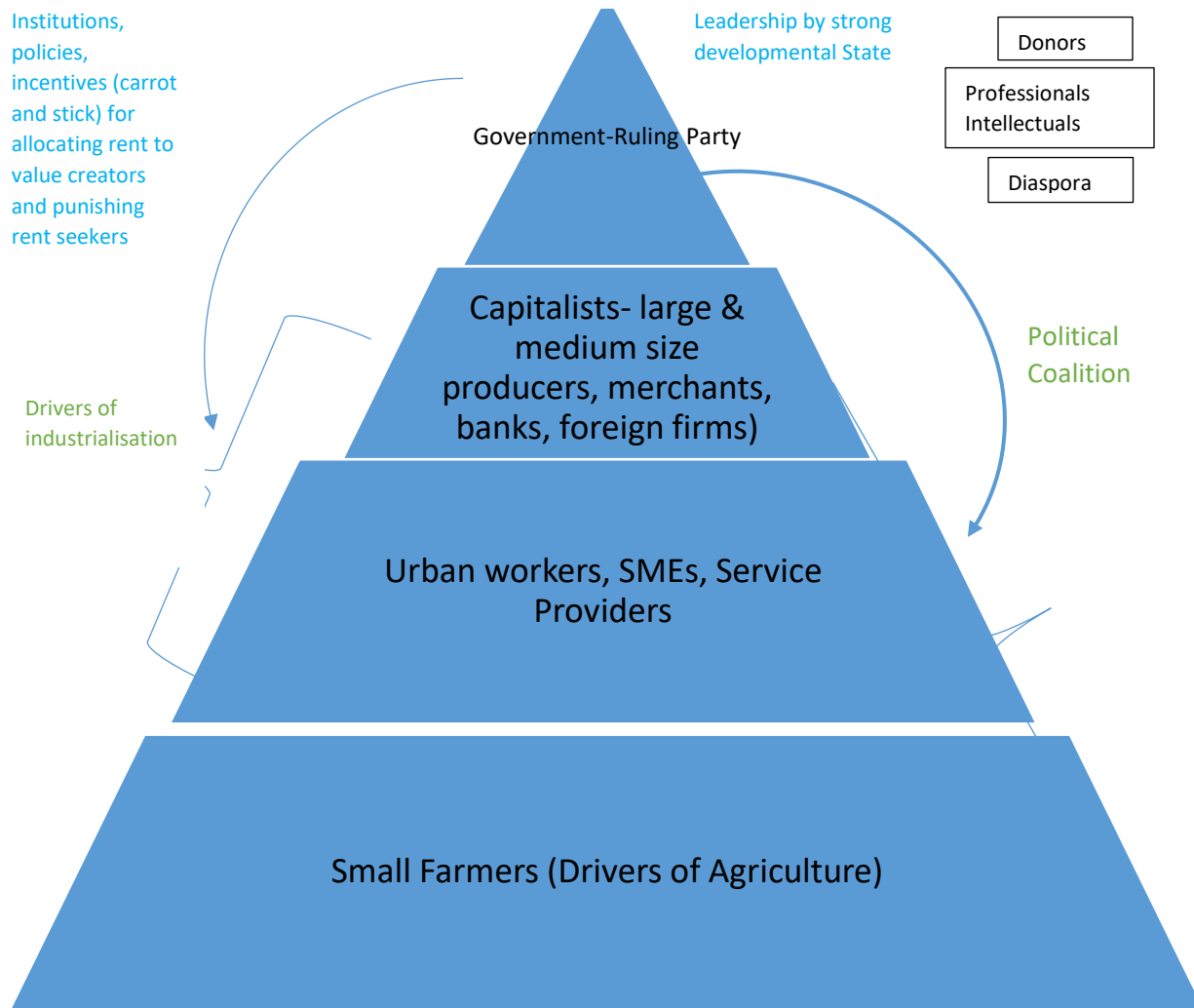
South Korea and Taiwan - constitutes 29 percent (six out of 21 chapters) of Zenawi's monograph known as an *African Development: Dead Ends and New Beginnings*.

In terms of this model, in the emerging Ethiopian democratic developmental state, a governing party stays in power for an extended time by winning "democratic elections". This in turn helps the party to come up with policies needed for economic development and to implement them with state leadership (Ohno 2009: 4). This indicates that the emerging Ethiopian developmental state resembles China, as a prevailing party must stay in power (officials may alternate) to facilitate the nation's development effort with less emphasis on credible multiparty elections.

Fifth, the perception that the private sector resorts to rent-seeking and less on value creation behaviors as natural ways of making money further prompted the pursuit of a developmental state, leading it to assume that this tendency (rent-seeking with little, if any, focus on value creation) may harm the economy of the country. The state, therefore, is expected to institute a mechanism to reward and punish the private sector to limit rent-seeking behaviour and to promote developmental values such as encouraging the private sector to be more involved in the manufacturing industry (Zenawi 2011a: 169, Oqubay 2015: 287).

In the Ethiopian developmental state model, development stakeholders are expected to align with the government's development policies and strategies (Ohno 2009: 9). In this regard, the political support base for the government is expected to come from small farmers in the rural areas (constituting 85% of the population), small and medium enterprises (SMEs), and the emerging middle class in the urban areas (Routley 2014: 165, Ohno 2009: 10-11, Lefort 2012: 686, 701, and Matfess 2015: 192). The government also puts in the effort to create an alliance with large-scale local and foreign industrialists. The government is undertaking various attempts to garner support from the intellectuals and the Diaspora. Critics, however, argue that autonomy from the private sector does not mean excluding the private sector. Instead, what the East Asian developmental states formulated is to build a business-government strategic alliance whereby the state, through interaction with the private sector, identifies the private sector's constraints and designs policies accordingly (Kidanemariam 2014: 18, Ohno 2009: 10-11). See figure 3 below for a figurative illustration of the Ethiopian developmental state.

Figure 3: Figurative Illustration of the Ethiopian Developmental State



Source: Adopted from Ohnos 2009: 12

In this context, there have been few attempts to study whether Ethiopia follows a developmental state model or not. For instance, Hauge and Ha-Joon (2019: 832) argued that, “There is strong evidence indicating many parallels between Ethiopia’s development model and the East Asian developmental state model. This is evident from both the Ethiopian state’s ideological orientation and its economic policies. They posited that the small contribution of the domestic private sector to the manufacturing industry and reliance on foreign investors, as well as the bureaucracy’s lack

of power and independence, make the Ethiopian developmental state model different from the East Asian Developmental state model (2019: 832-839).

Clapham (2017) further argued that it is evident that Ethiopia emulates the East Asian development models mostly inspired by the Chinese experience, while trying to learn from the experience of other countries', such as South Korea, Taiwan, and Japan. Arkebe (2015: 74) characterised Ethiopia as an aspirant developmental state. In addition to his monograph, *African Development: Dead Ends and New Beginnings*, a Preliminary Draft for discussion comprises selected extracts of a monograph under preparation," Meles Zenawi, the late premier of Ethiopia also provided a chapter called "States and Markets: Neoliberal Limitations and the Case for a Developmental State", in *Good Growth and Governance in Africa: Rethinking Development Strategies*, edited by Akbar Noman, KwesiBotchwey, Howard Stein, and Joseph E. Stieglitz . Oxford: Oxford University Press. In the chapter, Meles reflected on the practice of implementing a developmental state in Ethiopia. Meles also, in many of his official statements at various forums, highlighted the importance of a developmental state for Africa, and discarded the neoliberal paradigm.

There are also other attempts by Gebremariam and Habtewold (2017) to study the Ethiopian developmental state using indicators such as ideological orientation, institutional capacity, and democratisation. They argued that although the developmental state's notion is progressing in Ethiopia, a reversal of the years of democratisation has been witnessed. The existence of the said democratic developmental state is therefore contentious.

Kelsall (2013a: 17-26, 114, 146-47), using both effective rent management (resource mobilisation capacity of the Ethiopian government) centralisation and a long-term approach to investment, characterise Ethiopia and Rwanda as developmental neo-patrimonial regimes. He further argued that these regimes' level of corruption was not also as harmful as the other models, as the growth of the economy was a concern.

Although they attempted to study Ethiopia's developmental state practice, the literature mentioned above fails to provide a comprehensive study of whether Ethiopia is a developmental state or not using the main features (indicators) of developmental states as indicated in this study. This study breaches this gap by first identifying comprehensive features (indicators) of the developmental

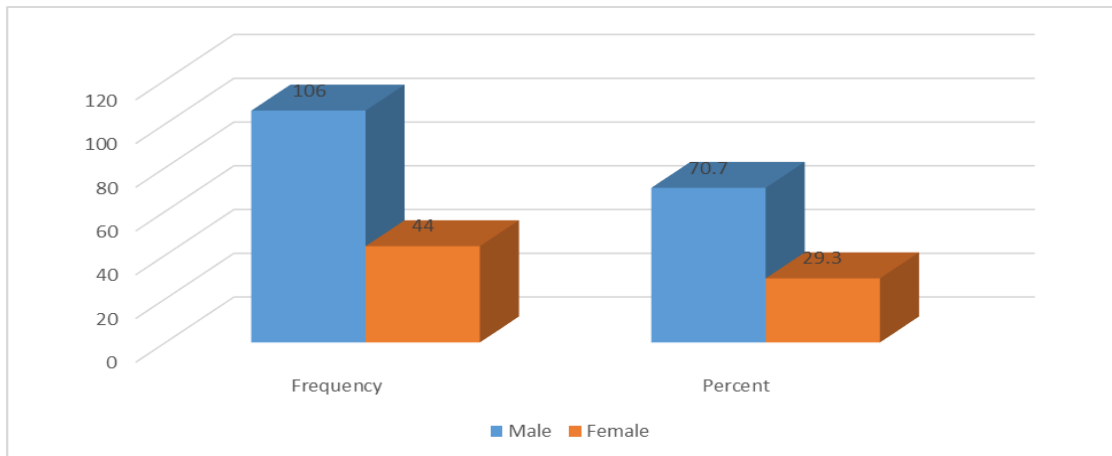
state as set out by the original and contemporary thinkers and developing a framework for analysing an emerging developmental state model to verify the extent of Ethiopia’s democratic developmental state.

3.4 Analysis, Discussion, and Findings

3.4.1 Socio-Demographic Characteristics of Study Participants

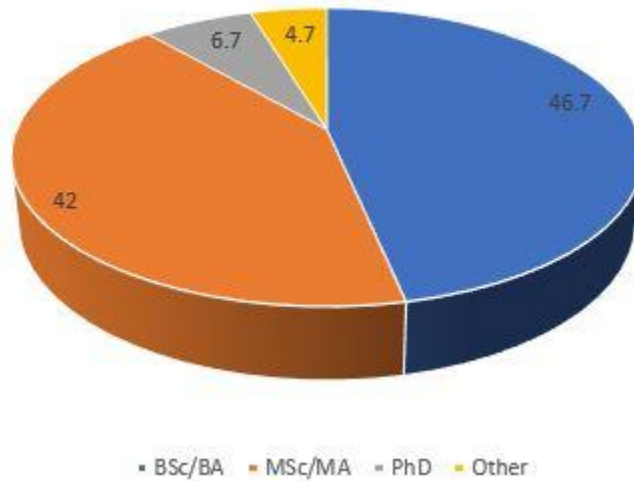
Around 150 experts were selected to participate in the study and provide their perception and opinion to respond to sets of questions. To enhance the reliability and credibility of the responses, the experts were carefully selected. The respondents were believed to be knowledgeable, with professional experience of Ethiopia’s developmental state. They were also educated and represent a cross-section of society in terms of ethnicity, region of origin, age, social status, educational level, political affiliation, and gender. For instance, out of the total sample taken, 70.7 % were male, and 29.3 % were female (see figure 4 below).

Figure 4: Gender of Respondents



About the highest level of education attained, 46.7 % have a BSc/BA, 42% have an MSc/MA, 6.7% have a PhD., and 4.7% have other qualifications. See figure 5 for more information.

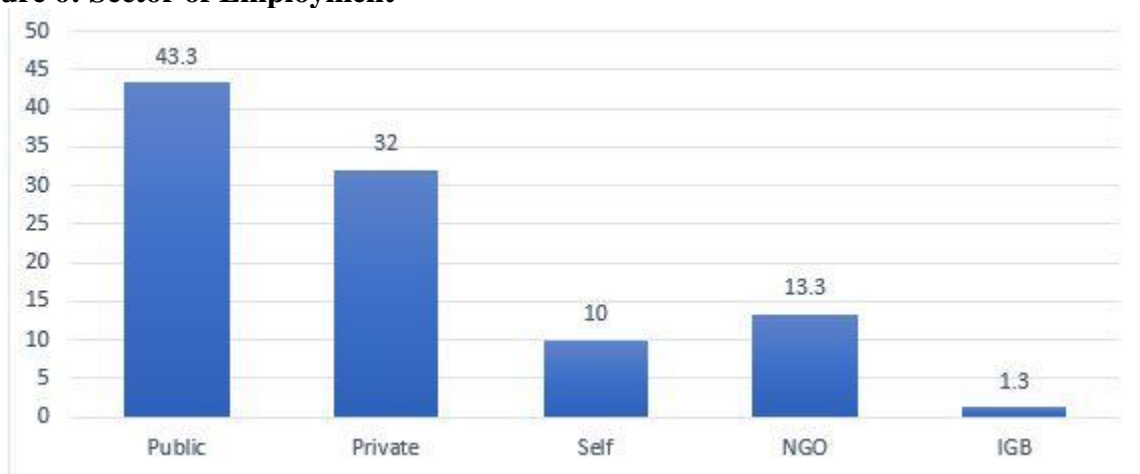
Figure 5: The Highest Level of Education Attained



Source: Survey Result, 2018.

In the employment sector, 43.3% work at public offices, 32% are in the private sector, 10% are self-employed, 13.3% are working at NGOs, and 1.3% are working at intergovernmental bodies (IGBs) such as the United Nations, African Union (AU), and Regional Economic Communities. See figure 6 in the sector of employment.

Figure 6: Sector of Employment



Source: Survey Result, 2018.

3.4.2. General Features of the Developmental State within the Context of the Ethiopian Experience

This section used recognised features of the developmental state identified and analysed in the preceding chapter with the analytical framework developed to analyse the extent of Ethiopia's developmental state (see figure 2 in chapter two). These indicators are identified in chapter two's literature review and translated into the questionnaire. The latest software was used in analysing the survey. Census and Survey Processing System (CSPro) was used for data entries while the Statistical Package for Social Science (SPSS) was used for data analysis. Data was analysed quantitatively, using descriptive statistics such as frequencies, percentages, and means. Descriptive statistics summarise the features of a distribution. The findings from the survey are backed by desk research and Key Informants Interview (KII).

Accordingly, the subsection analyses the principal features of developmental states. These are economic planning; developmental ideology; development-oriented leadership with a succession plan and able to mobilise resources; national autonomy, especially in formulating and implementing policy; transformative institutions: the bureaucracy; rent management, i.e., government revenue from different sources; infrastructure development; private sector development; the presence of a production-oriented private sector; government's efforts to ensure competition in the economy; Ethiopia's strategic integration with the rest of the world; citizen participation in the development process; appropriate policy and procedures with effective mechanisms; access to government services such as water, electricity and other utilities; local government/administration; and political stability. The section also provides a summary of the analysis.

3.4.2.1 Leadership and Developmental Ideologies

Economic Planning

There have been a series of economic policy planning and reforms since 2002 (table 6 below), which have produced remarkable achievements. These are Agricultural Development-Led Industrialisation (ADLI), a Sustainable Development and Poverty Reduction Programme (SDPRP), a Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), and a Growth and Transformation Plan (GTP) I and II. It was under SDPRP that the first phase of the

developmental state approach was launched. The experience gained from implementing PASDEP was also critical in the formulation of GTP I, i.e. from 2010 to 2015. See table 5 below on the medium-term planning framework of Ethiopia’s government:

Table 5: Medium-Term Planning Frameworks of Ethiopia’s Government

Periods	Planning Policy²¹ Documents
1995 – 2015	Agricultural Development-Led Industrialisation (ADLI)
2002/3 – 2004/5	Sustainable Development and Poverty Reduction Programme (SDPRP)
2005/6 – 2009/10	Plan for Accelerated and Sustained Development to End Poverty (PASDEP)
2010/11 – 2014/15	Growth and Transformation Plan (GTP) I
2015/16 – 2020/21	Growth and Transformation Plan (GTP) II

Source: Compiled by the author

In the Ethiopian context, Oqubay (2019: 615-616) argued that the government used diverse policy instruments (see table 6 below), known as facilitative policies²² with those that got prices wrong²³.

²¹Matfess argued that Ethiopia and Rwanda apparently embraced the economic policies identified and described by Wade (2015: 185).

²²Facilitative involves leveling the playing field for all actors, providing conditions for investment and not defying comparative advantage (Amsden 1989, 2001; Oqubay 2019).

²³Getting prices wrong involves being more selective by favoring some sectors or investors (Oqubay 2019).

These are five-year plans, industrial financing, investment financing, trade financing, export promotion, target setting, devaluation, investment promotion, incentive structure, One-Stop Services (OSS), specialised industrial parks, trade protection, import tariffs, import ban, export ban (crust and semi-finished), State-Owned Enterprises (SOEs) investment, privatisation, SOEs in strategic areas, sector-targeted instruments and institutional supports as well as nurture sectoral institutes such as Leather Industry Development Institute (LIDI), Ethiopian Horticulture Development Agency (EHDA).

Table 6: Summary of Industrial Policy Instruments from 2003 to 2018

Policy instruments	Facilitative	Getting prices wrong
Five-year plans	Plan for Accelerated and Sustained Development to end Poverty, 2005/6-9/10 (PASDEP); Growth and Transformation Plan I, 2010/11-14/15 (GTP-I); Growth and Transformation Plan II, 2014/15-19/20 GTP-II)	
Industrial financing	Critical support in developing priority productive sectors	
Investment financing: Development Bank of Ethiopia (DBE) and Commercial Bank of Ethiopia (CBE) as co-financier)		Targeted at specific sectors, selective allocation, long-term and subsidised loans
Trade financing (CBE, private banks)		CBE: Relaxed terms to exporters and manufacturers
Export promotion	Essential support for export Promotion	
Target setting Retention of forex earnings Voucher, bonded warehouse, Duty-drawback Exchange rate policy	Aim to support exporters and productive sectors	Exercised on few priority sectors Applied to manufacturing Exporters

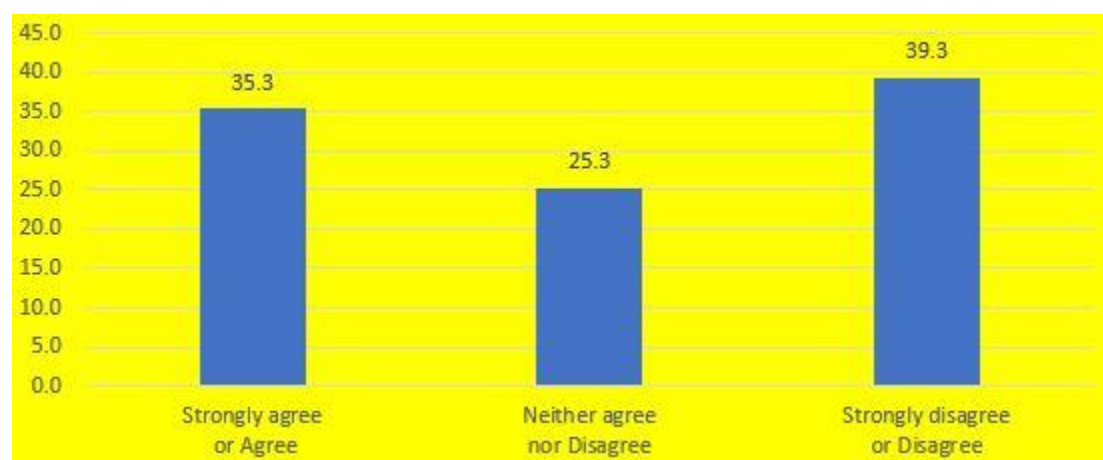
Devaluation (jumps: 1992, 2010, 2017) Managed floating system Forex allocation (triggered by Scarcity in 2010)	Facilitative	Aimed at revitalising and supporting exporters Applied to priority sectors in Manufacturing
Investment promotion	Essential support to support productive investment	
Incentive structure		More generous incentives to productive sectors (especially manufacturing)
One-stop service (OSS)	Facilitative for FDI and Manufacturers	
Industrial parks (specialised)		Targeted at priority export-oriented manufacturing sub-sectors, subsidised facilities (land, sheds, bank services), one-stop government services, skills development (FDRE 2015)
Trade protection	Essential in protecting domestic manufacturers	
Import tariffs	Tariff protection and harmonisation (average 25-35 percent)	Protective tariffs to support domestic manufacturing automotive manufacture etc.)
Import ban		Protect the cement industry

Export ban (crust and semi-finished)		To promote value addition in the leather sector
SOEs investment	Important policy to develop strategic sectors	
Privatisation		A gradual process, priority to local firms, selective, to support targeted industries
SOEs in strategic areas		Strategic and targeted to support development goals
Sector-targeted instruments and institutional supports	Targeted support to nurture priority industries	
Cement industry	Expansion of public housing and infrastructure	Targeted: energy, quarry, forex, Import ban
Horticulture industry		Targeted: to sanitary standards, land, airfreight, packaging
Sectoral institutes		Targeted on priority sectors (such as the Textile Industry Development Institute (TIDI) Leather Industry Development Institute-(LIDI) Ethiopian Horticulture Development Agency-EHDA)

Source: Oqubay 2019a: 615 and 616

The GTP aims to foster broad-based development sustainably to achieve MDGs. The strategy's focus is not on agriculture, but rather on enhancing the growth in the service sector and strengthening sluggish progress in the industrial sector. In the questionnaire prepared for the survey, a question was asked about whether or not there is disciplined economic planning to transform Ethiopia's economy. The response received from all the survey participants revealed that 35.3% of the participants strongly agree/agree that there is disciplined economic planning as a process aimed at transforming the structure of the economy, 25.3% neither agree nor disagree. The remaining 39% strongly disagree/ disagree. See figure 7 below for more information.

Figure 7: Disciplined Economic Planning as a Process Aimed at Transforming the Structure of the Economy



Source: Survey Result, 2018.

As KII's findings indicate²⁴, there has been a series of economic planning processes from the government, which resulted in continuous GDP growth over a decade and a half. However, it did not result in transforming the economy and creating adequate employment opportunities. As one interviewee indicated the country witnessed both GDP growth and increased unemployment, which means the country's growth was not inclusive enough.²⁵

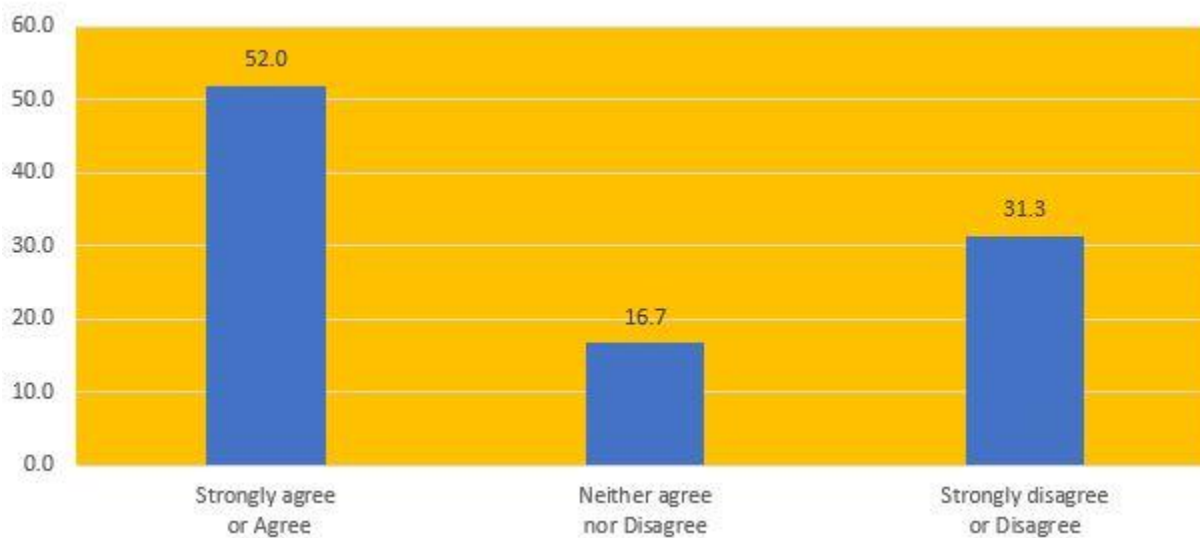
²⁴ Interview 3, 14, and 20

²⁵ Interview with Prof. Tadele Ferede on 25/07/2018, from 2-3:30 pm

Developmental Ideology

As indicated in the literature review chapter (chapter 2), the ideology of developmentalism is one of the hallmarks of the developmental state (Routley 2014; Leftwich 2002; Mkandawire 2001). Mkandawire (2001: 290) vehemently argued that the developmental state has a developmental ideology; its sole mission is to guarantee economic development or industrialisation. In this context, a question was asked about whether Ethiopia has a developmental ideology and a structure pertaining to the requisite institution's norms and standards to support the development process. The results portrayed that 52% of the participants strongly agree/ agree that Ethiopia has a development ideology, as well as institutions, norms, and standards that can support the development process, and 16.7% are neither agree nor disagree. In comparison, the remaining 31.3% strongly disagree/disagree (see figure 8 for more information).

Figure 8: Ethiopia Has A Development Ideology, Institutions, Norms, And Standards That Can Support The Development Process



Source: Survey Result, 2018.

The findings from KIIs²⁶ indicate that the developmental state has been on the political agenda since 2002, and this has helped the country register double-digit economic growth.

²⁶ Interview 3, 14, 16, 19, 20, and 24

They also suggest that development was top of the political agenda during the time of the late Prime Minister Meles Zenawi and the former Prime Minister Haile Mariam Desalegn.²⁷ Primarily, respondents reflected that the government managed to come up with grand development projects after the 2005 elections. These included the Grand Ethiopian Renaissance Dam over the Blue Nile, the construction of industrial parks condominium houses, sugar factories, and cobble stone development, among others, around the country.²⁸

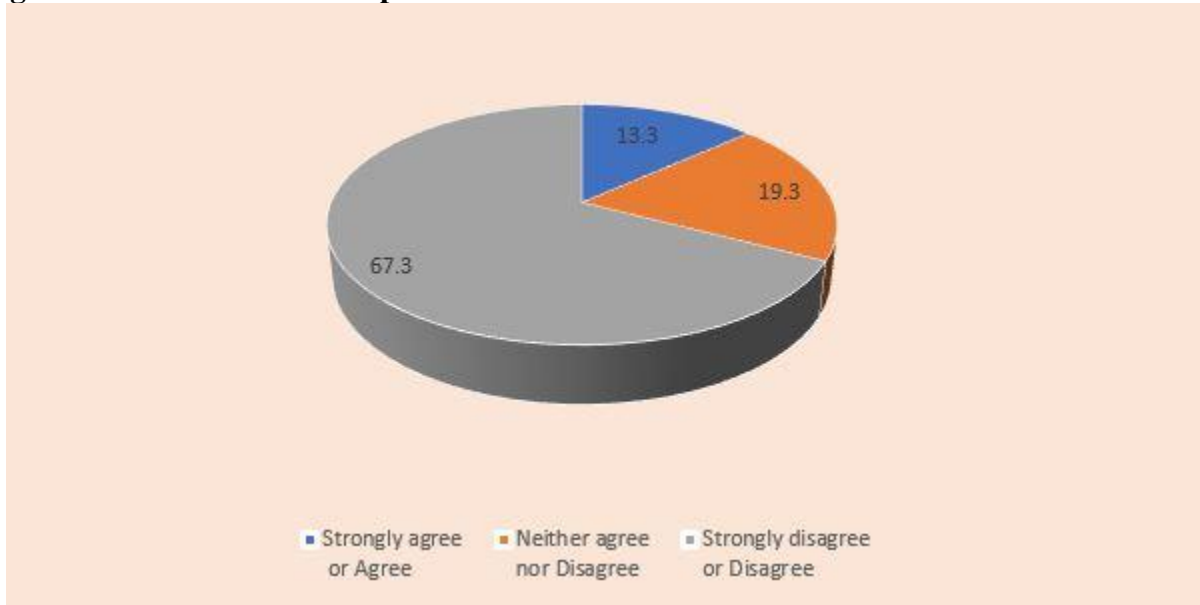
Leadership

The presence of development-oriented leaders who were relatively uncorrupted and non-predatory, with limited personal ambitions that will would impede investments but rather facilitated the expansion of national productivity with an orderly leadership succession plan, is one of the key features of the developmental state as indicated in the literature review chapter. For this particular questionnaire for the survey, respondents were asked whether they think such leadership existed in Ethiopia during the time of Premiers Meles Zenawi and Haile Mariam. The participants' response (see figure 9 below) revealed that 13.3% agree with this notion, 19.3% are neutral, and the remaining 67.3% disagree.

²⁷ Interview with Kassahun Birhanu, Professor of Political Science and International Relations, Addis Ababa University, Interviewed on 25/07/2018, from 10-12:30 pm, at Addis Ababa University.

²⁸ Interview with Yednekachew Daniel, Addis Ababa City Administration, Gulale Sub City, Woreda 05 Officer. Interviewed on 11/06/2018, from 2-3:30 pm at his office.

Figure 9: Presence Of Development-Oriented Leaders With A Succession Plan



Source: Survey Result, 2018

The data obtained from KIIs²⁹ reflect that, as a whole, the majority of EPRDF leaders at the higher levels were either Marxists or left-wing politicians. Due to the geopolitical global power shift in 1991, the Western capitalist model was the only option at the time, and they attempted to adjust their political orientation accordingly by reflecting Western values, starting from the constitution. However, the ideology of the EPRDF was revolutionary democracy³⁰, which aims to promote group and individual rights simultaneously until the country transitions to promote individual rights fully, as is seen in Western democracy. Revolutionary democracy also calls on government to support the masses (the poor) by protecting them from the capitalist class whose motives are to make a profit at any cost. In this context, the land must not be owned by individuals instead of the government. This is how poor farmers can be easily manipulated by Western capitalists to sell

²⁹ Interview 14, 16, and 24

³⁰ Vaughan, Sarah, 2012. Revolutionary Democratic State-Building: Party, State and People in the EPRDF's Ethiopia. *Journal of Eastern African Studies*, 5 (4): 619-640

their land cheaply, which may result in a vicious cycle of poverty. Because of this, the government must control the significant resources of the country.

Indeed, the KIIs³¹ findings indicated that Zenawi is recognised as the progenitor of the country's developmental state policies and strategies in the form of revolutionary democracy. In particular, as noted above, after the Tigray People's Liberation Front (TPLF) crisis in 2001 and the subsequent split, the group stayed in power under Zenawi and affirmed its commitment and determination to follow the ideology of the developmental state. However, critics argue that a few of the leaders were dedicated to EPRDF, while a critical mass were corrupt and focused on the regime's securitisation rather than genuine development. The late premier Meles is hailed as smart yet criticised; as unwise as he always postponed real democratisation. His predecessor was also criticised as a puppet who lacked genuine power as the top officials from the TPLF were ruling the country on his behalf.

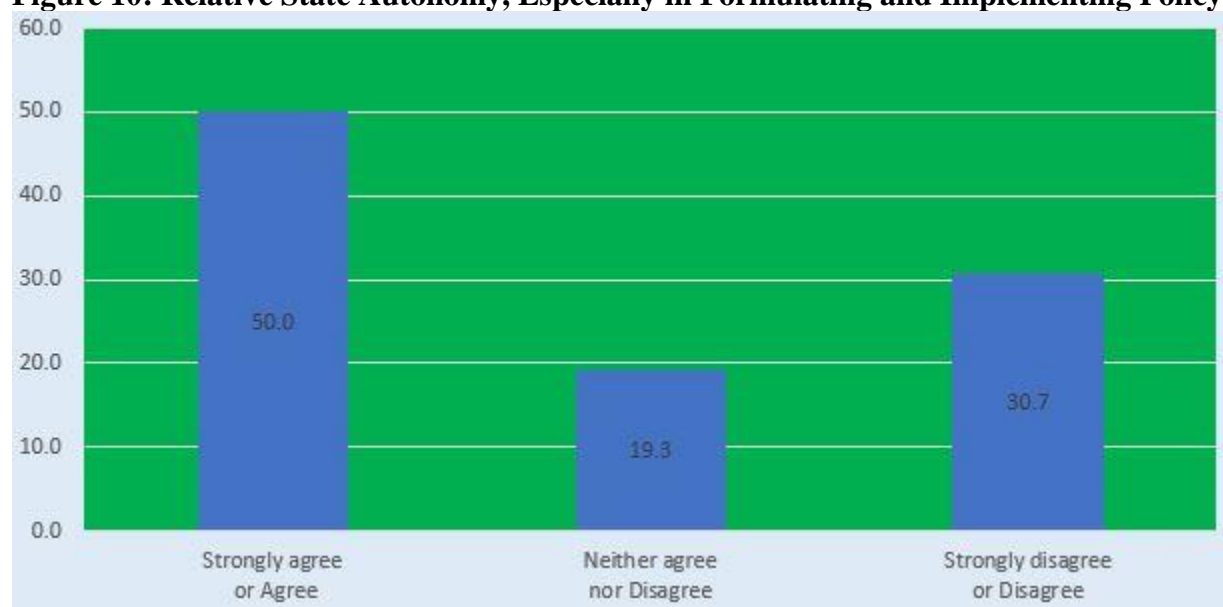
3.4.2.2 National Autonomy, and Integration With the Rest of the World

National Autonomy

Another component of building a successful developmental state is relative autonomy (especially in formulating and implementing policy) from any internal and external forces, as indicated in the literature review chapter. In the questionnaire for the survey, the respondents were asked if they agree with the proposition that there is autonomy (especially in formulating and implementing policy) from any internal and external forces. The participants' response shows that 50% agree, 19.3% were neutral, and 30.7% of them strongly disagree/disagree. The results are portrayed in figure 10 below.

³¹ Interview 14, 16, 19, and 24

Figure 10: Relative State Autonomy, Especially in Formulating and Implementing Policy



Source: Survey Result, 2018

Findings from the KII³² supplement show that Ethiopia as an independent state, and the government, enjoyed autonomy from external influence. Furthermore, the Ethiopian government had effective administration of regions and the local community for centuries. In this context, there has not been an influence on the government from within, particularly during the late Prime Minister Meles' period. However, Prime Minister Haile Mariam's regime (20 August 2012 to 2 April 2018) was characterised by protracted youth uprisings following their eviction from the farmers' land and lack of adequate compensation. This resulted in a change of leadership. The current Prime Minister Dr. Abiy Ahmed, has been in power since 2 April 2018.

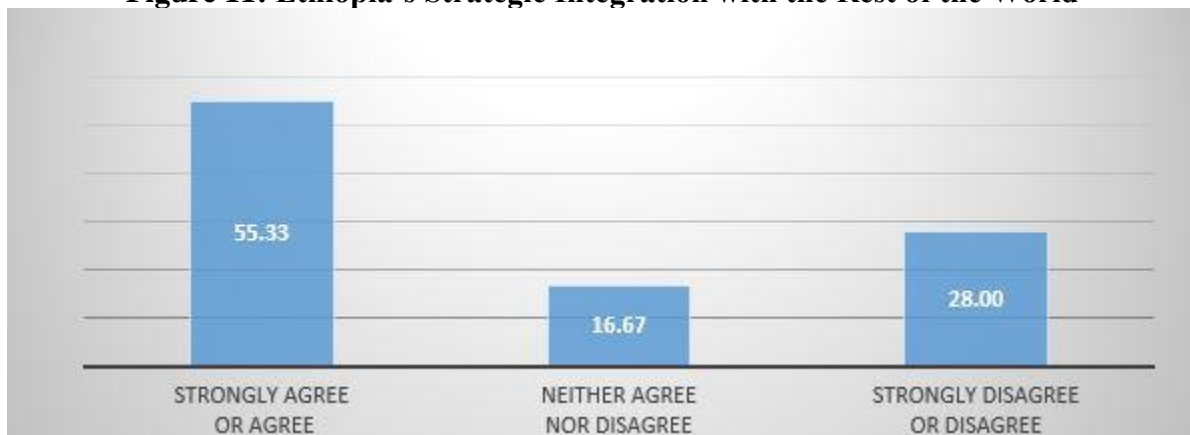
Oqubay (2015: 286) argued that "Policymaking in Ethiopia has reflected policy independence, including occasional pressure from IFI and some donors, usually in the form of economic threat." He further argued, "The government has refused to yield to pressure to open up the finance sector to foreign banks, to privatise utilities and telecom, to reform public land ownership, to freeze public investment, and not to expand universities...embarked on building the Grand Renaissance Dam."

³² Interview 1, 3, 19, 20, and 22

Ethiopia's Strategic Integration with the Rest of the World

The developmental states have a process of strategic integration with the rest of the world based on supporting the national interest in promoting economic growth and structural change. In the questionnaire prepared for the survey, the respondents were asked if Ethiopia's experience is in line with the rest of the world based on how it supports the national interest in promoting economic growth and structural change. The participants' response in the survey shows that 55.33% of the participants strongly agree/agree, 16.67% were neutral, and the remaining 28.00% strongly disagree/ disagree. The results are presented in figure 11 below:

Figure 11: Ethiopia's Strategic Integration with the Rest of the World



Source: Survey Result, 2018

As KII's³³ finding reflected, unlike many other African countries, Ethiopia did not privatise the economy's strategic sector, such as the financial sector for foreign banks, telecom, and airlines, among others. This was a strategic move as the government earns huge finances from these organisations. However, there is still an argument that Foreign Banks can be invited as there is an apparent lack of hard currency in the country to do exchanges.

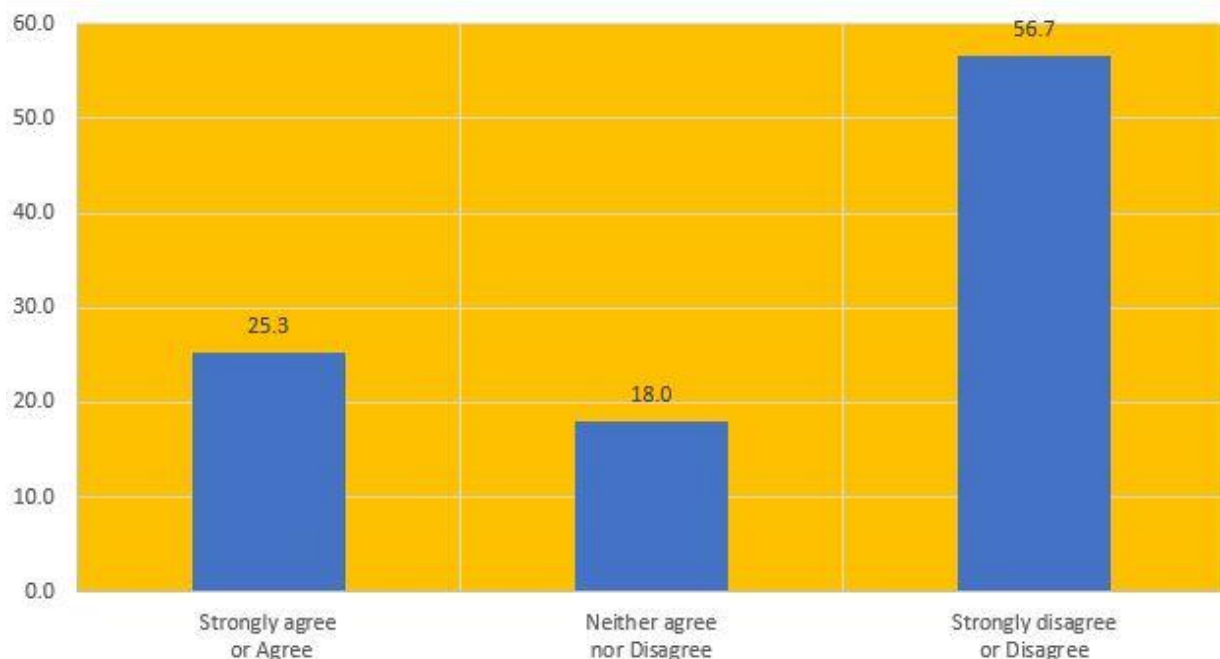
³³ Interview 3, 14, 19, 20

3.4.2.3. Institutional Capacity and Effectiveness

Transformative Institutions: Bureaucracy

The ability to build transformative institutions, typically a strong and competent merit-based bureaucracy, is essential for the emergence and growth of a developmental state. In the survey, the experts were presented with the question of whether or not they believe that Ethiopia possesses transformative institutions, and a strong and competent merit-based bureaucracy. The response of the participants revealed that 25.3% agree, 18% are neutral, and 56.7% disagree. The results are presented in the figure below.

Figure 12- The Ability to Build Transformative Institutions, Typically a Strong and Competent Merit-Based Bureaucracy



Source: Survey Result, 2018

Likewise, the findings from KIIs³⁴ corroborate the results of the survey. Although Ethiopia has one of the longest-standing bureaucracies, during Premier Meles and Hailie Mariam regimes the bureaucracy was highly politicised. It was not merit-based or competitive offering adequate remuneration Furthermore, Arkebe (2015: 76, 103) argued that the series of civil service reforms

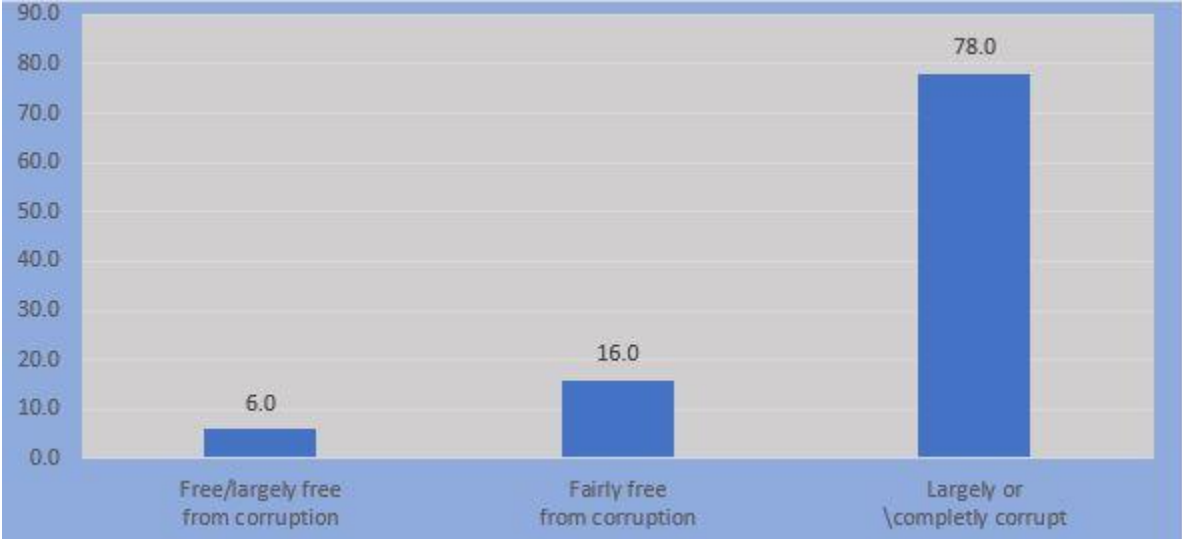
³⁴ Interview 14,16, and 24

in the country did not transform the economy due to a lack of selectivity in the focus and absence of proficient staff. Moreover, critics argue that party loyalty was more important than meritocracy in the civil service, especially since the 2005 national election.

Corruption in the Civil Service

Corruption in the bureaucracy/ civil service is another formidable challenge in the government as petty bribery is seen as supplementary income among the civil servants. In this regard, 78% of the respondents perceive civil service as entirely corrupt. 16% believe that the civil service is relatively free from corruption, and 6% understand that the public service is free from corruption. The results are presented in the figure below. The findings from KII also corroborate the findings of the survey.³⁵

Figure 13: Corruption in the Civil Service



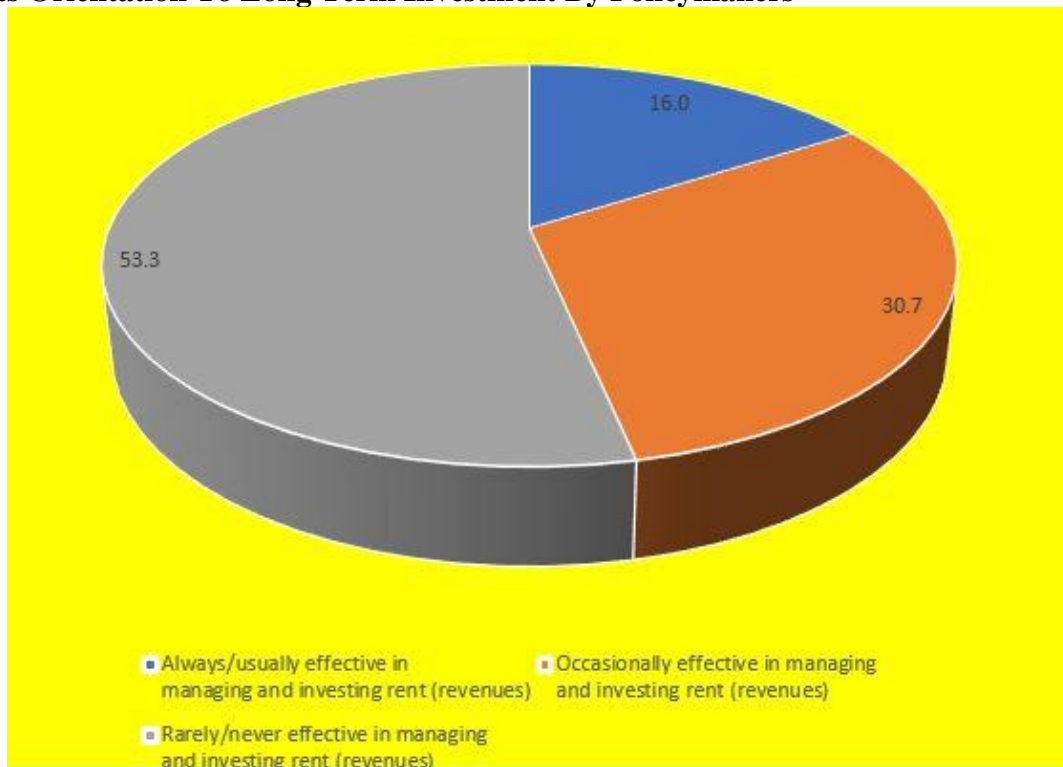
Source: Survey Result, 2018

³⁵ Interview 14,16, and 24

Rent Management, I.E., Government Revenue from Different Sources

Efficient rent management (government revenue from different sources) and its orientation to the long-term investment by policymakers is regarded as crucial, as the experience of Japan, South Korea, and Taiwan demonstrates. The participants' response shows that 16% believe that the government is usually effective in managing and investing rent; 30.7% perceive the government as occasionally effective in managing and investing rent. In comparison, 53.3% of them think that the government is rarely effective in managing and investing rent. The results are presented in the figure 14 below:

Figure 14: Efficient Rent Management (Government Revenue From Different Sources) And Its Orientation To Long Term Investment By Policymakers



Source: Survey Result, 2018

The findings from KII³⁶ indicated that the Ethiopian government is relatively successful in mobilising resources both within the country as well as from development partners, as the

³⁶ Interview 3, 12 and 20

government secured huge loans and grants for different projects in the country. The government secured support on hard infrastructure - mainly on railway projects, roads, and bridges - from China and Japan, while support for soft infrastructure such as health, education, and capacity development came from Western countries and the World Bank. Development partners demanded that the Ethiopian government raise 20% of the total project cost on hard infrastructure and ensure a strong bureaucracy to manage and implement the projects.

The country managed to formulate a strategy to centralise the rent management system and gear it towards long-term development goals through the formidable concentration of political and economic power. In addition to widening the tax base, which is less than 15% of GDP, the Ethiopian government has been attempting to use an innovative mechanism of mobilising resources. These are pension funds, diaspora bonds, public-private partnerships, remittances, tourism, and steps to attract investment - both domestic and foreign. This had a positive effect on the country's domestic resource mobilisation capacity. Therefore, government revenues increased significantly from 11 billion in 1999 to 11.2 billion Ethiopian birrs in 2006, to 288 billion in 2018. Correspondingly, the contribution of tax to revenue as a percentage of GDP increased gradually from 5.6 percent in 1992 to 11.26 in 1998, and then it declined to 7.5% in 2018 (Government Finance Statistic Year Book and Data Files, 2018).

Ethiopia also managed to construct the Grand Renaissance Dam on the Blue Nile entirely with the use of domestic resource mobilisation, thereby silencing opposition from outside forces. Indeed, boosting the country's domestic resource mobilisation has helped the government in financing large-scale hard and soft infrastructure investments. This has a positive effect on the country's overall investment conditions (Oqubay 2015: 286).

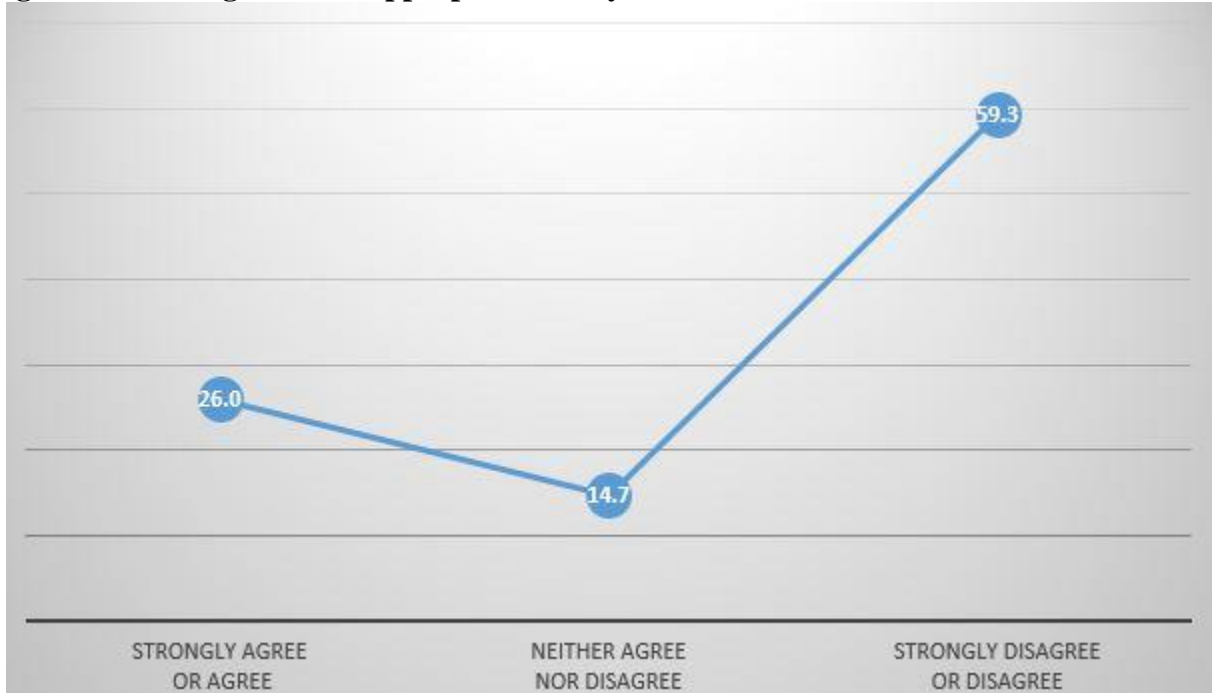
However, KIIs³⁷ respondents indicated that corruption, both grand and petty, have been observed, as well as inefficient rent management (government revenue from different sources) and its orientation to long-term investment by policymakers.

³⁷ Interview 6, 14, 16 and 24

Appropriate Policy and Procedures with Effective Mechanisms for Accountability, Monitoring, and Evaluation

Another vital pillar of the developmental state is the implementation of appropriate policies and procedures with effective mechanisms for accountability, monitoring, and evaluation procedures. In this particular questionnaire for the survey, respondents were asked if they think that Ethiopia's developmental state has put in place appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation. The survey results revealed that 26.0% of the participants strongly agree/agree, 14.7% are neutral, and the remaining 59.3% strongly disagree/disagree. The results are presented in figure 15 below:

Figure 15: Putting in Place Appropriate Policy and Procedures with Effective Mechanisms



Source: Survey Result, 2018

As the KII³⁸ findings indicated, appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation are some of the Ethiopian developmental state's

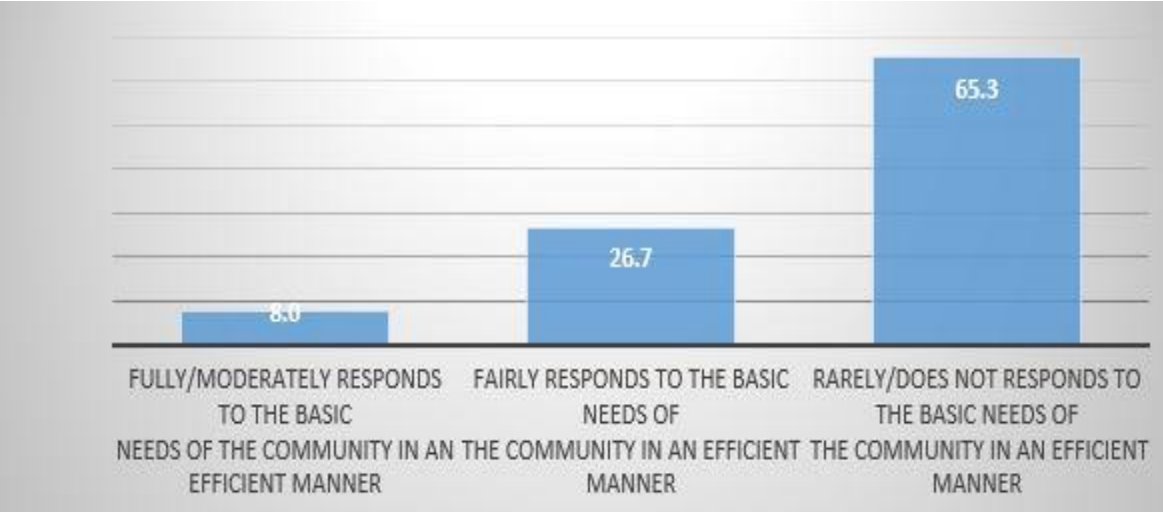
³⁸ Interview 3, 12 and 20

downsides. Grand projects across the country, especially sugar projects, the grand-dam, roads, and railway projects, witnessed grand corruption. Notably, most KII respondents indicated that the sugar project is a case in point that as a result of the lack of appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation, a billion birrs were lost due to grand corruption. The same can be said of projects won by Metals and Engineering Corporation (METEC) from the government, that were exposed to corruption and embezzlement because of a lack of appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation.

Local Government/Administration

Local and regional governments in Ethiopia have a constitutional base and delineated functions, authorities, and resources. Local governments are close to the local people and possess local information on local needs. These conditions allow local governments to be more accountable and responsive to these needs and demands. In a developmental state, the government creates an efficient local administration that is able to address the needs and demands of the local community. About 8% of the respondents indicated that the local government/administration in Ethiopia fully responds to the basic needs of the community efficiently, 26.7% of them believe that the administration fairly responds to the basic needs of the community efficiently, and 65.3% of the experts believe that the administration rarely responds to the basic needs of the community efficiently. The results are presented in the figure below.

Figure 16: Local Government/Administration



Source: Survey Result, 2018

As the findings from the KIIs³⁹ indicate, the government has done several improvements to make local government responsive to the needs of local people. In the past ten years, graduates were recruited to serve at local administration level. This improved the efficiency of local administration. However, there have been challenges because of the politicisation and prevalence of petty corruption. Many KII respondents also criticised 1:5 (one-to-five, in Amahric language *lemat budin* or development cell). The one-to-five principle is utilized for organizing purposes in government offices and the community, mainly in rural areas. In government offices, it helps to evaluate work performance on a weekly basis. In the community, it aims to serve as community development services starting from their 'Kebele' – their wards, and 'woreda' - their districts. This experience was taken from the Korean Model. However, in Ethiopia, it was highly criticised as the government used it for political purposes by knowing the individual's political stance in the cell and influencing them to support EPRDF.⁴⁰

3.4.2.4 Infrastructure Development: Hard and Soft

Investment in hard infrastructure includes the construction of roads, bridges, electricity grids, water, and sanitation facilities. The experience of southeast Asian countries confirms this fact. Hard infrastructure, such as roads and railways, are at the centre of some significant investment plans. This is expected to propel Ethiopia to the Middle-Income countries in 2025 (MOFED 2010; UNDP 2014: 76-77).

In this regard, the Ethiopian government has been spending 20 percent of its GDP and more than two-thirds of its budget, to re-engineer infrastructure such as roads, schools, health institutions, railways, air transport, hydroelectric and irrigation dams, and telecommunication services. The country's annual energy output had risen from 360 MW to 4 200 MW in 2019. When the Grand Ethiopian Renaissance Dam (GERD) and other hydro, wind, geothermal, and solar sources are

³⁹ Interview 14, 16 and 24

⁴⁰ Interview 14, 16 and 24

completed, the total energy output will reach 12 000 MW (Cheru et al 2019, Mukria 2019). Thousands of miles of roads have been constructed to connect all regions of the country. In the period from 1999 to 2014, Ethiopia spent 142 billion birrs on road construction. Out of this, 77 percent was sourced internally (UNDP 2014: 61). See table 7 below for key indicators in road expansion in Ethiopia from 2004 to 2020.

Table 7: Road Expansion in Ethiopia from 2004 to 2020: Key Indicators

Years	Road Network (km)	Road Density (km/1000km)	The proportion of Areas Further than 5km from All-weather Road (%)	Average Distance from Main Road, (Km)
2004	36,496	33.2	71.8	15.1
2007	42,429	38.6	68.0	13.0
2010	48,973	44.4	42.2	11.3
2013	85,966	78.2	45.8	6.4
2014	99,522	90.5	ND	ND
2015	110,414	100.4	ND	ND
2016	113,066	102.8	33.5	4.6
2017	120,171	109.2	31.6	4.3
2018	126,773	115.2	ND	ND
2020(target as indicated in GTP II)	220,000	200		

Source: Ethiopian Road Authority

A new toll-based six-lane Addis Ababa-Adama expressway was launched in May 2014 to expedite the road to the port of Djibouti. The construction of one to Hawassa, the capital city of the southern regional government, is underway. The country also finalised the largest electric railways network in Africa from Addis Ababa to Djibouti port, and light railways in the capital city, Addis Ababa.

The road network expanded from 36 496 km in 2004 to 126773 km in 2018, which has reduced the average distance from the main road from 15.1 km to 4.3 km (UNDP 2014: 83). Likewise, there have also been improvements in telecommunication and water coverage. See Table 8 below on Selected Infrastructure Development in Ethiopia: Energy, Telecommunications, and Water from 2010 to 2020.

Table 8: Selected Infrastructure Development in Ethiopia: Energy, Telecommunications, and Water (2010 – 2020).

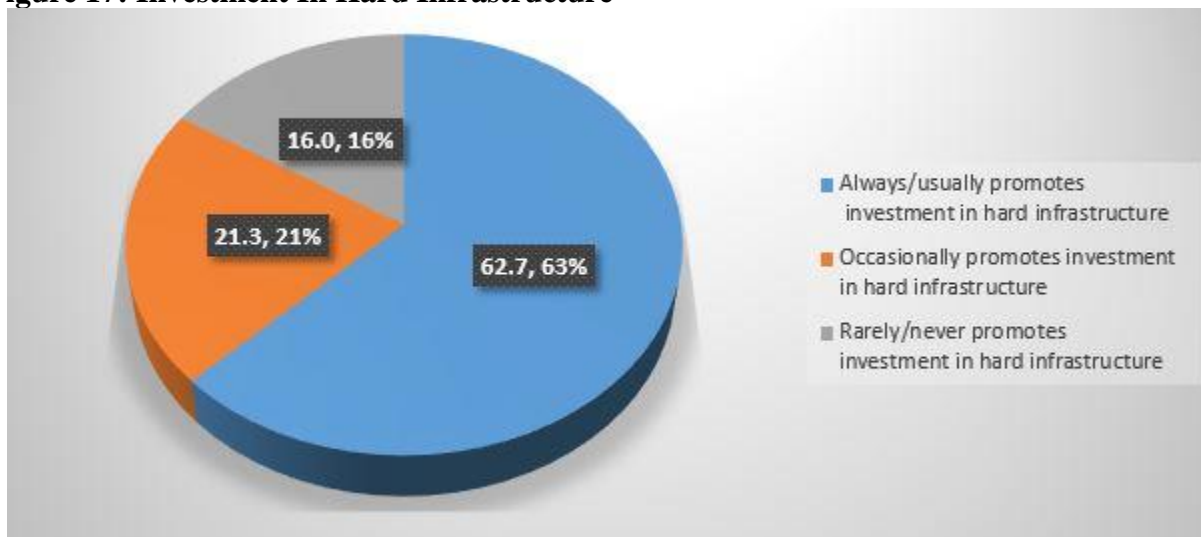
	Base year 2010	GTP 2015		GTP -11 2020
		Target	actual	(target)
Infrastructure				
Energy				
Power generating capacity (MW)	2,000	8,000	4,180	17,208
Electricity service coverage (%)		41		75
Transmission line power losses (%)	11.5	5.6	23	11
Telecommunications				
Fixed line density (%)	1.36	3.4	10.5	54
Distribution of mobile telephones (%)	8.7	45	43.9	100
Fixed telephones subscription (millions)	1.0	3.05	0.386	10.4
Mobile telephone subscriptions(millions)	6.52	40	38.8	103
Internet service subscription(millions)	0.187	3.69	9.14	66
Internet data density (%)			3.3	10
Water				
Overall population coverage of potable water (%)	68.5	98.5	84	100
Land under medium-and large-scale irrigation (%)			2.5	15.6
Postal service traffic(millions)			28.7	657.4
Number of postal service centers			1,000	16,475
Notes *construction in progress ** the Addis Ababa light rail project and the Addis Ababa Djibouti railway were completed in the first year of the GTP –ii period				
Sources: MoFEd(2006-2002);NBE;NPC				

Source: Nuru-Ali, 2019: 198

The survey, to understand the view of the respondents on the Ethiopian government's promotion of investment in hard infrastructures like the construction of roads, bridges, electricity grids, water, and sanitation facilities, has prepared a descending order of lists on the extent of the promotion of hard infrastructure by the Ethiopian government. The experts' response shows that 62.7% believe the government always promotes investment in hard infrastructure, 21.3% consider the

government to occasionally promote investment in hard infrastructure, and 16% regard the government as rarely promoting investment in hard infrastructure. The results are portrayed in the figure 17 below.

Figure 17: Investment In Hard Infrastructure



Source: Survey Result, 2018

Findings from KIIs⁴¹ reflect that Ethiopia’s government under Melese and Haile Mariam were committed to building hard infrastructure – roads and railways. They cited that everybody in the country says in Amharic language, *‘Ehadig menged sertual,’* which means the EPRDF has built roads. Reiterating its commitment to hard and soft infrastructure development, Zenawi underlined that: “first and foremost we have to build effective and pro-development states in Africa, massively invest in our infrastructure, adequately train our people, promote manufacturing investment and technological capacity building and encourage growth and investment in our Agriculture.”⁴²

Investment in soft infrastructure includes investments in quality education, health-care services, economic and social infrastructure, as well as Information Communication and Technology (ICT).

⁴¹ Interview 3, 8, 12 and 21

⁴²Statement by H.E. Mr. Meles Zenawi, Prime Minister, Federal Democratic Republic of Ethiopia at the Fifth Meeting of African Ministers of Finance, Planning and Economic Development, 26th March 2012

In some cases, land reform is a pertinent feature of the developmental state. The number of mobile phone users has increased from 8.7% in 2010 to 62.62 million in 2017 (Holst 2019) and is expected to grow more in the next few years, significantly increasing the flow of information. This will help to create a more enlightened society. The country also achieved significant progress in the health sector, in particular on health extension programmes. As the government indicated, every citizen can get access to health care within a twenty-minute walking distance. The number of health posts in rural areas was 17,154. This was achieved in 2019 (see table 9 below) (Oqubay 2015: 4, UNDP 2014: 76-77).

Table 9: Number of Health Facilities

	2004/5	2013/14	2018/2019
Public Hospitals	11	800	
Public Hospitals annual average increase in number	-	12.9	
Health Centres	519	3,100	4,063
Health Centres annual average increase in number	-	286.8	
Health Posts	4, 211	16, 048	17,154
Health posts annual average increase in number	-	1, 315	

Source: UNDP 2014: 41, Arkeb, 2015: 4, US Embassies, 2019

Maximising the benefits of society is one of the achievements of East Asian developmental states. This is possible by the expansion of higher education and the production of a proficient workforce (World Bank 1993:15, 43-46). Ethiopia’s government massively expanded public universities, from two public universities in the 1980s to 53 universities, 65 colleges, and 814 technical vocational education and training schools (TVETS) in 2019. Simultaneously, the number of students at the tertiary level increased significantly (see table 10 below). Public universities’ student intake, for instance, increased from 15 000 in 1991 to almost half a million (467 843) in 2014. The education budget also increased from time to time. For instance, in 2019, the education

sector budget allocation accounted for the country’s highest federal budget, with 50.6 billion Ethiopian birrs. Enrollment in primary school also increased from 20 percent in the 1990s to more than 95 percent in 2015, and rural residents are now, on average, 30 minutes away from the nearest primary school (Cepheus 2019; UNDP 2014: 1, 39, 62-77).

Table 10: Expansion in Tertiary Education

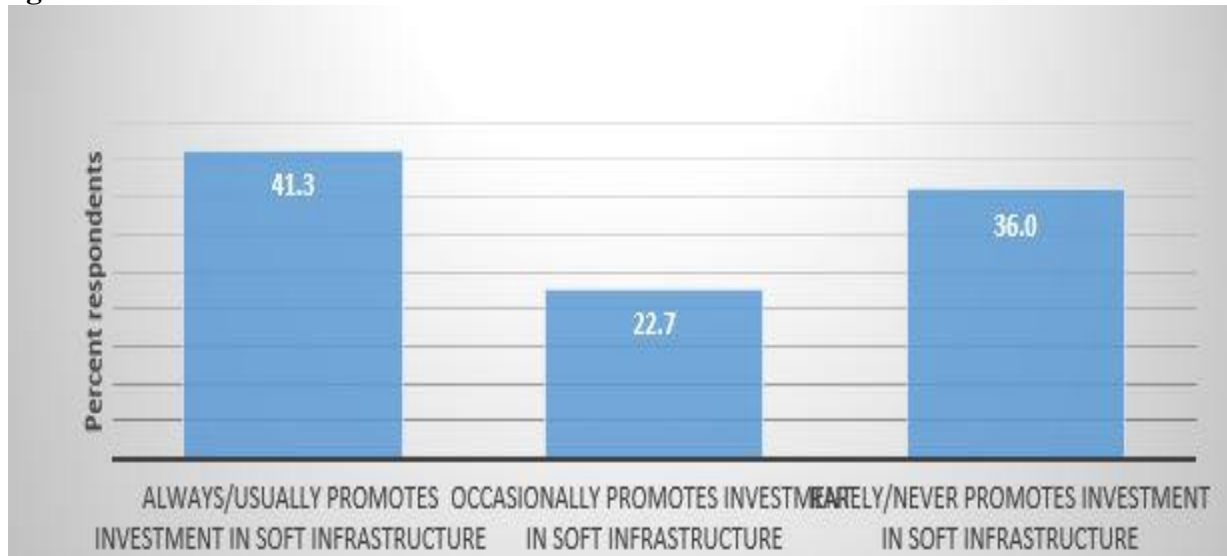
	2004/5	2012/13	2018/2019
Universities- Public	3	35	45
Private Universities/Colleges	16	65	98
TVETS	-	300	814
Number of academic staff	4,046	23,905	
Medical schools	1	25	
Midwifery training institutions	0	16	
Education expenditure (Birr billion)	4.6	33.1	67.9
Total undergraduate enrolments	132,868	467, 843	
Total postgraduate enrolments	3, 604	20, 150	
Total undergraduate graduates	11, 535	75, 348	
Total postgraduate graduates	1, 126	6, 250	
Medicine undergraduate enrolment	183	1, 263	

Source: UNDP 2014: 38, MoE 2005 and 2013

The response of the experts, to some extent, reflects the changes observed in the soft infrastructure above. It shows that 41.3% believe the government always promotes investment in hard infrastructure, 22.7% consider the government to promote investment in soft infrastructure

occasionally, and 36% regard the government as rarely promoting investment in soft infrastructure. The results are portrayed in the figure 185 below.

Figure 18: Investment in Soft Infrastructure



Source: Survey Result, 2018

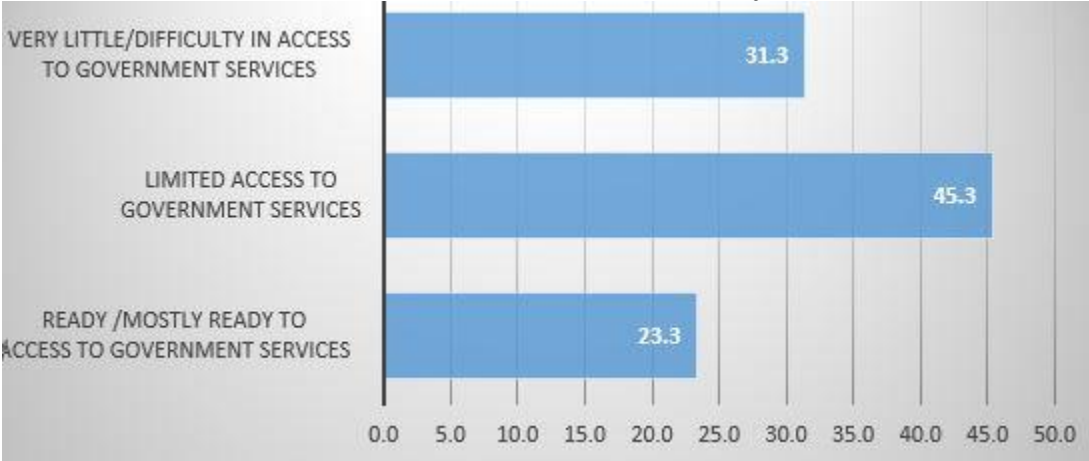
Access to Government Services such as Water, Electricity and Other Utilities

The appropriate, effective, and efficient delivery of service that benefits the people is an essential attribute of the developmental state. This is because the provision of social and economic services is a means of empowering society, and citizens need to have access to these at an affordable cost. Water supply, electricity, and waste disposal are some of the utilities essential for living and economic activities. The country's drinking water supply coverage is 84%, while only 7% of the population had access to safely managed and basic service sanitation in 2019. Electricity supply was reported in 57% of households in 2018, indicating the wide unavailability of this utility (Ali 2019:195 to 198). Waste disposal is also a rare utility in the country. Access to justice is challenged by many factors, including delays in decision making and widespread corruption, amongst others. Especially, the availability of these services in Ethiopia is far from the desired state, especially for the youth, women, and disabled persons.

In an attempt to investigate the respondents' view on the extent of accessibility of government services such as water, electricity, and other utilities for the society, the survey provided a

descending ranking of the accessibility of such services. The results showed that 23.3% of the participants perceive that there is adequate or ready access to government services, 45.35% believe that there is limited access to government services, and 31.3% think that there is very little access to government services. The survey's finding indicates that there are limited services provided by the government, such as water, electricity, and other utilities, as 45.35 % believe that there is limited access to government services, and 31.3% think that there is very little access to government services. The results are presented as follows.

Figure 19: Access to Government Services - Water, Electricity and Other Utilities



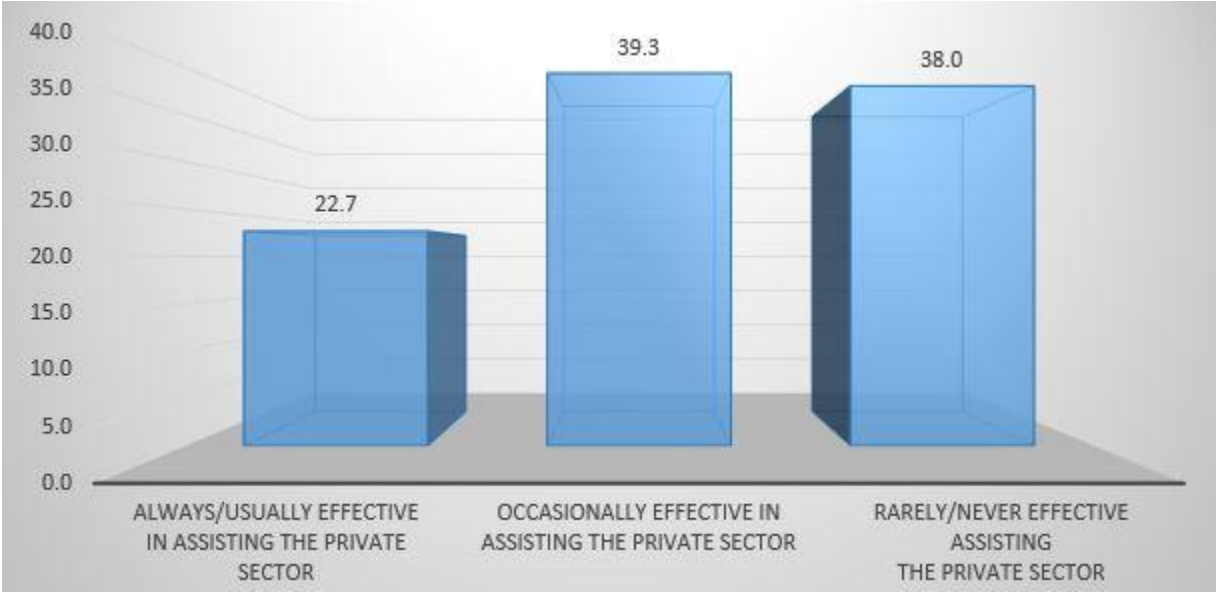
Source: Survey Result, 2018

3.4.2.5 Private Sector Development

Sustained economic growth requires the active participation of the private sector. The private initiative unleashed in competitive markets is to promote growth in parallel with public efforts. One of the essential elements in building a functional developmental state is the presence of a production-oriented private sector. In promoting such a goal, the state used a mix of policies or instruments to engineer industrialisation. The most notable policy instruments included using state-guided industrialisation; protectionism; industrial subsidies; incentives related to performance standards and targets; and creating a coalition between the state and the private sector as indicated in the literature review chapter highlighting the experience of Taiwan, South Korea, and Japan (Wade 1992, Evan 1995, Meyns and Musamba 2010: 24, 30).

The survey questionnaire consists of questions on the Ethiopian government’s effectiveness in promoting the private sector. For instance, there was a question asking respondents whether the Ethiopian government played a proactive role in assisting individual firms in structural transformation. The response of the participants revealed that 22.7% of the participants believe that the Ethiopian government is always effective in assisting the private sector, 39.3% perceive the Ethiopian government as occasionally effective in assisting the private sector, and 38% consider the Ethiopian Government to be rarely effective in assisting the private sector. The results are shown in the figure below.

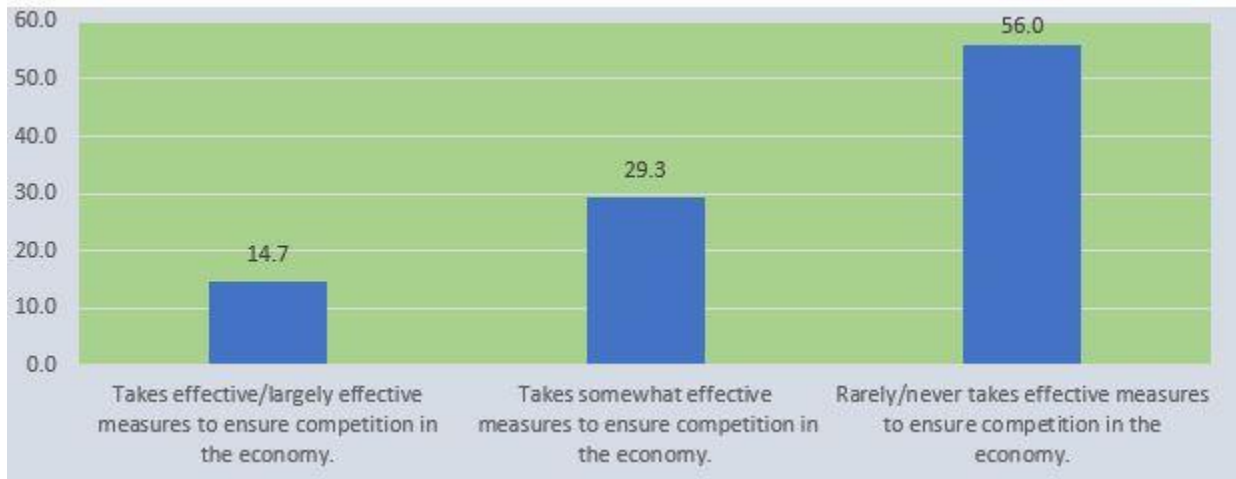
Figure 20: A Proactive Government Role in Assisting Private Firms



Source: Survey Result, 2018.

A question was also asked about whether the Ethiopian government ensures competition in the economy. The response of the participants reveals that 14.7% believe that the government takes effective measures to ensure competition in the economy, 29.3% consider the government to takes somewhat effective measures to ensure competition in the economy, and 56% perceive the government as rarely taking effective measures to ensure competition in the economy. The result is presented in the figure below.

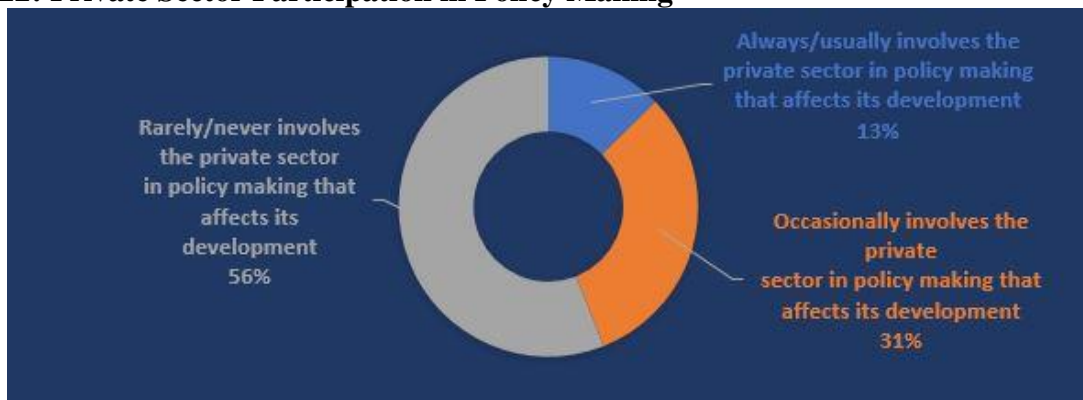
Figure 21: Competition in the Economy



Source: Survey Result, 2018.

About the private sector participation in policymaking, the response of the participants shows that 12.7% believe that the government always involves the private sector in policy-making that affects its development, 31.3% perceive the government as occasionally involving the private sector in policy-making that affects its development and the remaining 56.0% consider the government to never involve the private sector in policy-making that affects its development. See figure 22 below for more information.

Figure 22: Private Sector Participation in Policy Making



Source: Survey Result, 2018

As the survey findings indicate, the government of Ethiopia when the late Prime Minister Meles Zenawi and Prime Minister Haile Mariam were in office was not friendly to the private sector. In

particular, there was resentment towards party-owned businesses (Kelsall 2013a: 106).⁴³ These are the Endowment Fund for the Rehabilitation of Tigray (EFFORT), Amhara Endowment Fund (Tiret) supported by ANDM; Endowment Fund for the Development of Oromia (Tumsa) supported by OPDO, and Endowment Fund for the Development of Southern Peoples (Wendo) supported by SEPDF.

The most notable one is EFFORT. It was established in the mid-1990s, funded by the TPLF, and led by the party's senior member. EFFORT owns around sixteen corporations operating in diverse sectors of the economy, such as agro-processing, export, industrial, mining, construction, and service, as well as transportation (Vaughan and Gebremichael 2011: 1). Indeed, these companies have helped facilitate capital accumulation and investment as well as economic development. The major issues raised, however, are (i) the issue of equity in ownership as the majority of these companies are owned by TPLF; (ii) the issue of corruption as most of them are not properly managed, do not pay tax, and are not audited; and (iii) ultimately, the issue of political settlement is a major concern.

KII's findings⁴⁴ indicated that although the Ethiopian government is in theory committed to promoting the private sector, the playing field is not equal. This is mainly because there are private companies that are owned by the party, especially the Endowment Fund for the Rehabilitation of Tigray (EFFORT) owned by TPLF. Those companies are not audited and do not pay taxes, and are involved in contraband activities. Furthermore, during interviews, some respondents indicated that those private companies owned by Tigriyans - the power base of TPLF, those linked with government officials and the party, did not pay tax, yet they received loans and other support from the government. This has harmed private sector development in the country, as one respondent indicated.

Another key source of condemnation to EPDRF is its party-affiliated giant companies organized under EFFORT (Endowment Fund for Rehabilitation of Tigray). These companies are controlled

⁴³ The Ethiopian government, however, does have cordial relations with Saudi Arabian, Indian, and Chinese foreign investors, among others. These countries have investments in electronics, textiles, agro-processing, energy, infrastructure, tourism and mining (Kelsall 2013a: 106).

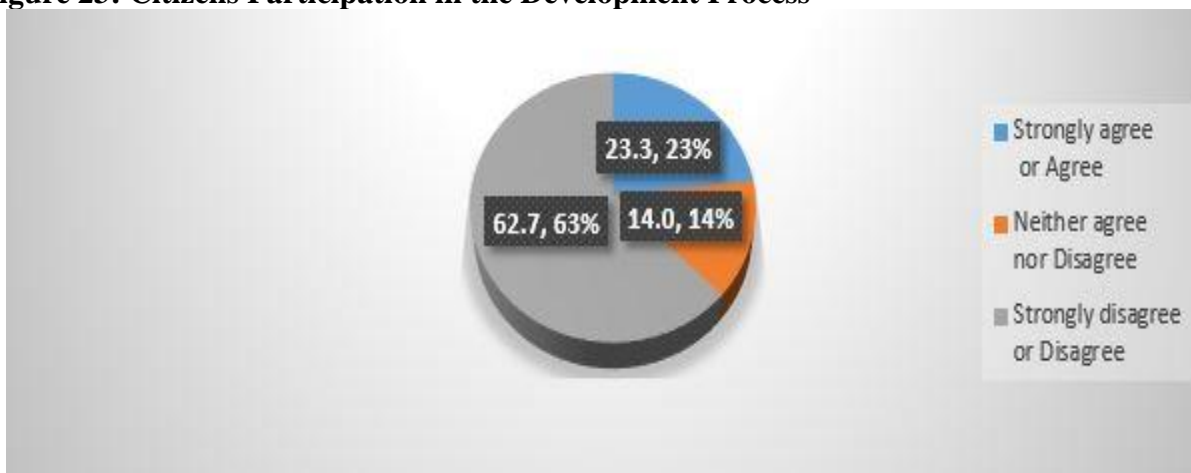
⁴⁴ Interview 14, 16, 20 and 24

by TPLF leaders and managed/staffed by party loyalists rather than by employees appointed on the basis of merit. These companies are widely blamed for unfair competition with other private and State-Owned Enterprises (SOEs) and even fail to disclose proper bank statements for tax purposes. It should be noted, in addition, that Small and Medium Enterprises (SMEs) were also not functional because of a lack of financial and technical support. A SME Bank is a missing link in promoting the private sector in Ethiopia, as findings from KII revealed.

3.4.2.6 Citizen Participation in the Development Process

An efficient and effective developmental state should be built on people; that is, all segments of society have to be regularly engaged in the development process. Non-state institutions like civil society organisations and political parties should be part of any developmental process. In the survey questionnaire, the respondents were presented with the question of whether or not they think that all segments of the society are regularly engaged in the development process of the emerging developmental state in Ethiopia. The survey results revealed that 23.3% of the participants agree, 14% of them were neutral, while 62.7% disagree. The results are portrayed in the figure below.

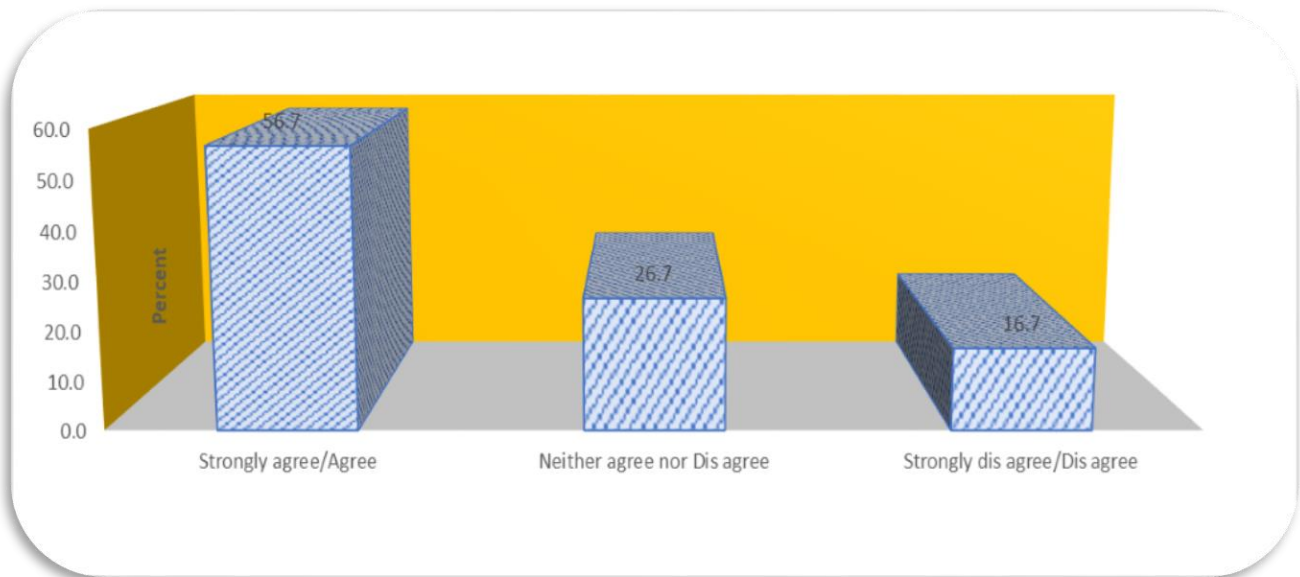
Figure 23: Citizens Participation in the Development Process



Source: Survey Result, 2018

As KII's⁴⁵ finding indicated, the Ethiopian government had been following an authoritarian developmental state model under a dominant-party system – EPRDF, and there has been limited citizen and non-state actors' participation, from political parties, civil societies, and the private sector, in the governance system. On the question (survey) on Ethiopia's developmental state's nature and characteristics, approximately 56.7% of the respondents strongly agree/agree that the Ethiopian developmental state is non-democratic. In comparison, 26.7 % neither agree nor disagree, and 16.7 % strongly disagree/disagree. See figure 24 below for more information.

Figure 24: Nature and characteristics of Ethiopia's developmental state – non-democratic developmental type?



Source: Survey Result, 2018

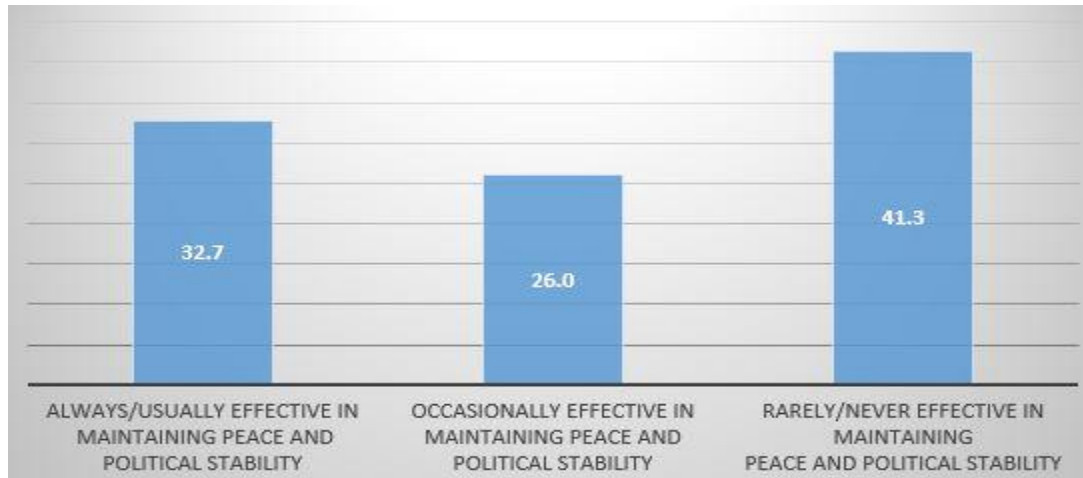
3.4.2.7 Political Stability

Peace, political stability, and predictability in governance are also considered crucial conditions for the emergence of a developmental state. The survey consists of a question on the Ethiopian government's efficiency in maintaining peace and political stability. The response of the experts showed that 32.7% believe that the government is always useful in maintaining peace and political

⁴⁵ Interview 14, 16 and 24

stability, 26% consider the government to be occasionally effective in maintaining peace and political stability, and the remaining 41.3% perceive the government as rarely effective in maintaining peace and political stability. The results are presented in the figure below.

Figure 25: Peace, Political Stability, and Predictability in Governance



Source: Survey Result, 2018

As the data obtained from KIIs⁴⁶ indicates, the country enjoyed relative peace and security during the regimes of Prime Ministers Meles and Haile Mariam. However, there have been ethnic conflicts from time to time in different regions of Ethiopia. The Haile Mariam regime especially is characterised by instability and uprising. This was mainly because peasants surrounding Addis Ababa were evicted from their land without proper compensation. The government was also accused of creating deliberate conflict among ethnic groups to promote the “divide-and-rule” system. Indeed, as reflected by Messay during the Key Informant Interview:

The EPDRF government was also highly blamed for the purposeful provocation of ethnic-based conflicts as a divide-and-rule technique, intended to keep its position of power by causing disagreements between ethnic groups who might otherwise unit against the government. It was also highly blamed for its reluctance to control ethnic-based conflicts, particularly at regional boundaries. A case in point is the forced displacement of

⁴⁶ Interview 14, 16, 19 and 24

*hundreds of thousands of Ethiopians (most of them are Oromos and the Somalis) along the Oromia-Somali border. Hundreds of thousands of Ethiopians (the majority being Gedeo people and the Guji Oromos) were displaced owing to the Guji Oromo-Gedeo conflict, mainly in May/June 2018. Generally, in Ethiopian history, the EPDRF government is characterised by tremendous ethnic-based conflicts and resultant deaths, injuries, and displacements across the country.*⁴⁷

The findings from the survey and KII with regard to the principal features of developmental states as these pertain to Ethiopia are reflected below. In essence, the findings from the survey and KII corroborate each other except in a few instances such as having disciplined economic planning as on economic policy and planning, on the quality of soft infrastructure, and peace, political stability, and predictability in governance. For more information, see table 11 below:

Table 11-on convergence and divergence between Survey and KII on developmental state indicators

No.	Developmental state Indicators (1)	Results from the Survey (out of 100%)	Result from KII	Convergence	Divergence	Comments
1.1.	Disciplined economic planning as a process aimed at transforming the structure of the economy	35	There has been a series of economic planning processes from the government, which resulted in continuous GDP growth over a decade and a half yet did not result in economic	There is convergence between the two results in away the economic planning process did not result in structural transformation of the economy	However, findings from KII indicated that the government introduced a series of economic policy and planning	
1.2	Ethiopia has a development ideology,	52	Findings from KII indicated that the	The result from the		

⁴⁷ Interview with Messay M. Tefera, Associate Professor, Addis Ababa University, Development Studies, Center for Food Security. Interview on 16 July 2019 at Addis Ababa University. Time 10-12 am.

	institutions, norms, and standards that can support the development process		government followed the ideology of developmentalism since 2002	survey and KII converge		
1.3	Presence of development-oriented leaders with a succession plan	13	Few of the leaders including the late Melez Zenawi were dedicated to the developmental state agenda , while a critical mass were corrupted and focused on the regime's securitization	The result from the survey and KII converge		
1.4	Relative State autonomy, especially in formulating and implementing policy	50	The KII supplement show that Ethiopia as an independent state, and the government, enjoyed autonomy from external influence	The result from the survey and KII converge		
1.5	Ethiopia's strategic integration with the rest of the world	55	The findings from KII indicate that the government is strategically integrating with the rest of the world	The result from the survey and KII converge		
1.6	Government responsiveness	8	The findings from KII indicate that the government responsiveness is low	The result from the survey and KII converge		
1.7	The ability to build transformative institutions, typically a strong and competent merit-based bureaucracy	25	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.8	Corruption in the Civil Service	06	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.9	Putting in place appropriate policy and procedures with effective mechanisms	26	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and		

				KII converge		
1.10	Investment in hard infrastructure	63	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.11	Investment in soft infrastructure	41	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the KII indicates that there has been massification in soft infrastructure	However, the findings on KII indicated that there are challenges in terms of quality services especially in the education sector	
1.12	Access to government services- water, electricity, and housing	23	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.13	A proactive government role in assisting private firms	23	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.14	Private sector participation in policymaking	13	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.15	Competition in the Economy	15	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.16	Citizens participation in the development process	23	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
1.17	Peace, political stability, and predictability in governance	33	Likewise, the findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge	However, the KII indicated that the country enjoyed relative peace	

					and security during the regimes of Prime Ministers Meles and Haile Mariam. However, there have been ethnic conflicts from time to time in different regions of Ethiopia.	
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Source: Analysed by the researcher

3.4.3 Democratic Governance System

As indicated in the literature review chapter, a developmental state is possible either in a democratic or authoritarian type of government as far as the necessary policies and instruments are in place. For instance, from the onset, Nordic countries such as Norway, Sweden, Denmark, and Finland as well as Brazil and India, are democratic developmental states. In contrast, the developmental states in East Asian countries (Taiwan, South Korea, Singapore, Malaysia, Indonesia, Philippines, and Japan) originated under authoritarian regimes (Johnson 1982, White 2002:44, Ohno 2009: 11, Musamba 2010: 26).

Some scholars still argue the importance of a democratic and developmental state, in particular, in Africa. This, in turn, ensures the socio-economic and political inclusiveness and legitimacy of a state (Mkandawire 2010; Edigheji 2005; Edighegi 2010). Underlining the difficulty of achieving both democracy and development in tandem, however, White indicated that “a democratic developmental state ... may thus be a rare bird on the developmental scene in the future, as it has been in the past” (2002: 44).

This subsection of the chapter analyses the governance system in Ethiopia against generally identified principles of democratic governance system, such as the political system; the rule of law; promotion of civil and political rights; public goods; management of public enterprises; access

to public goods is primarily determined by non-official identity interests (political affiliation, ethnic ties, racial identity, etc.); the relationship between government organs: Executive, Legislative and Judiciary; corruption in government-executive, legislative and judiciary; government accountability; civil society's role in the promotion of accountability and transparency; mass media freedom; the nature of election in general; national elections are considered to be free, fair and generally transparent; local elections are deemed to be free, fair, and generally transparent.

Diversity management; the Constitution; the composition of government and leadership represents all segments, and diverse interests in the country (ethnic, racial, gender groups); public institutions, mainly civil service; minorities, ethnic groups, and the disabled do have representation in the governance and development process; women do have representation in the governance and development process of the country; youth do have representation in governance and development process of the country; sectarian identity groups (ethnic, religious and racial) have considerable influence in the country's political process. The subsection also provides an analysis of each indicator.

3.4.3.1 The Political System

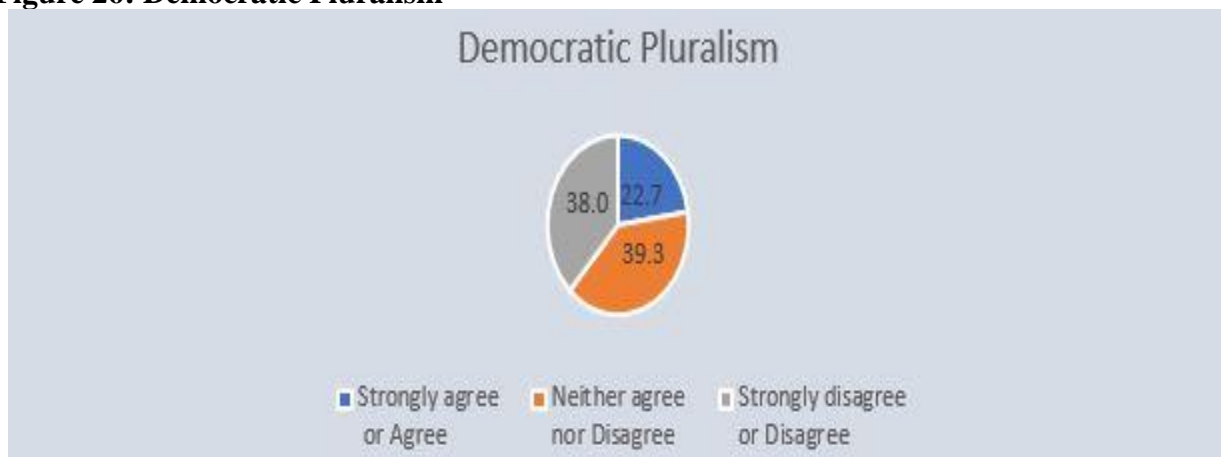
Parties are political institutions that are organised to aggregate the interest of different groups in society. They are instrumental in bringing people together to compete in elections and win votes for exercising power within the state, either on their own or by entering into a coalition with other parties. Taking this definition of parties, a multiparty system is a system in which several major and many lesser parties exist, seriously compete for, and win public offices (Veen 2016).

But multiparty politics is a recent phenomenon in Ethiopian history. It emerged in Ethiopia following the Ethiopian People's Revolutionary Democratic Front (EPRDF) that ousted the previous military dictatorship in May 1991. This allowed political parties' formation based on the provisions enshrined in the 1991 Transitional Charter and later endorsed by the incumbent constitution (Veen E. 2016). The Federal Constitution of Ethiopia recognises a multi-party political system. Article 56 of the Constitution states that "A political party or a coalition of

political parties that has the greatest number of seats in the House of Peoples Representatives shall form the Executive and lead it”.

To understand whether this emergence of multiparty politics has been realised, the first question asked of respondents was whether the political system in Ethiopia consisted of democratic pluralism or not. The response received from the participants indicates that 22.7% of them responded positively, saying that they either strongly agreed or agreed that democratic pluralism does exist in Ethiopia. On the other hand, 38% of them responded negatively, meaning that they strongly disagreed or disagreed, and about 39.3% of respondents stated that they neither agreed nor disagreed that democratic pluralism existed in Ethiopia. This indicates that the majority of respondents don't agree that democratic pluralism is being exercised in Ethiopia, considering that only 22.7% responded positively.

Figure 26: Democratic Pluralism



Source: Survey Result, 2018

As the findings from the KIIs⁴⁸ indicate, the country witnessed a reversal of the multi-party system after the 2005 election. This was mainly because there has been diminishing political space for opposition parties, and elections (2010 and 2015) among other, were rigged subsequently. Multi-party democracy was often disregarded by the FPRDF, the only political party in the parliament from 2010 to 2020. Therefore, democratic discourse had been a rare phenomenon. The top

⁴⁸ Interview 14, 16 and 24

government leaders believe that one vanguard political party or a dominant party could transform the country.

Accordingly, though the constitution approves a multi-party system, the country could be labeled as an authoritarian electoral system. KII⁴⁹ respondents reflected that there was a postponement of the democratisation agenda. Instead, securitisation of the regime was one of the main agendas. Some respondents indicated that the regimes under Meles and Hailemariam wanted to emulate China. They were interested in how the communist party stayed in power for so long and managed to develop the country, and in the so-called East Asian developmental state models including Japan, South Korea, and Taiwan among others.

Elections

As mentioned earlier in this chapter, the Federal Constitution of Ethiopia recognises a multi-party political system. A series of legal acts underscores the legal basis for the establishment of and engagement in parties' political activities. These include The Transitional Charter of 1991, Proclamation No. 46/93⁵⁰ and 64/93⁵¹, and the Constitution of the Federal Democratic Republic of Ethiopia (FDRE, 1995). Proclamation 46/93 provides the legal provisions governing the registration of political parties and electoral matters respectively; Proclamation No. 46/1993⁵² deliberated on a wide range of issues covering areas such as legal personality (definition, formation, prohibited acts, memorandum of association, bylaws, programmes, emblem, and designation); registration, finance and property matters; and dissolution and suspension of political parties. Accordingly, Ethiopians above the age of 18 can form a political party upon drawing up internal regulations and issuing a political program. Proclamation No. 46/1993 also puts many political parties requirements to register as nationwide and regional organisations.

⁴⁹ Interview 14, 16, 24

⁵⁰As amended by Proclamation No. 82/94.

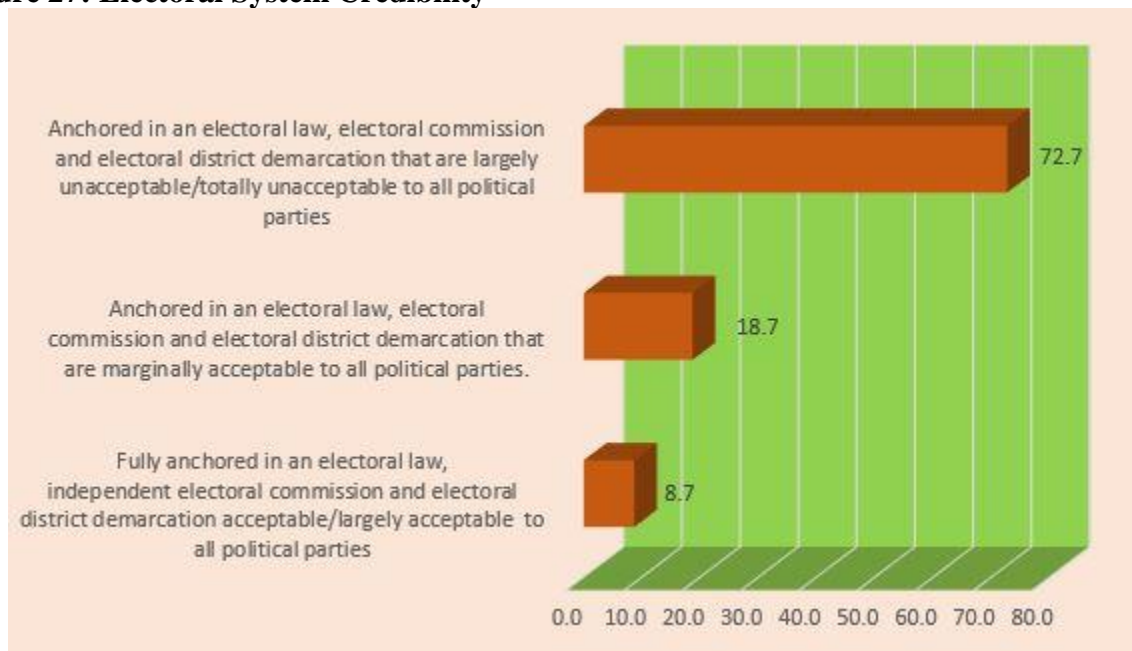
⁵¹Amended as Proclamation No. 111/95

⁵²As amended by Proclamation No. 82/94

With the introduction of multiparty electoral politics, succession was declared to be determined through electoral outcomes where legally organised and recognised political groups can assume power depending on their performance in periodic competitive elections. Hence, the preconditions for assuming state power are indicated by the ability to obtain the majority of seats in the lower house of parliament, either separately or by forming coalitions. Article 73 (2) of the constitution clearly states that “Power of government shall be assumed by the political party or a coalition of political parties that constitutes a majority in the House of Peoples’ Representatives.”

But to determine the perception of the credibility of the electoral system, the question of whether the electoral system was anchored in electoral law, the independent electoral commission, and electoral district demarcation acceptable to all political parties was presented on the survey. Responses showed that 72.7% believe that the electoral system is anchored unacceptably to all political parties. Approximately 18.7% thought it was marginally acceptable. A minority of 8.7% believed that the electoral system was fully anchored in electoral law, the independent electoral commission, and electoral district demarcation was acceptable/largely acceptable to all political parties. See figure 27 below for more information.

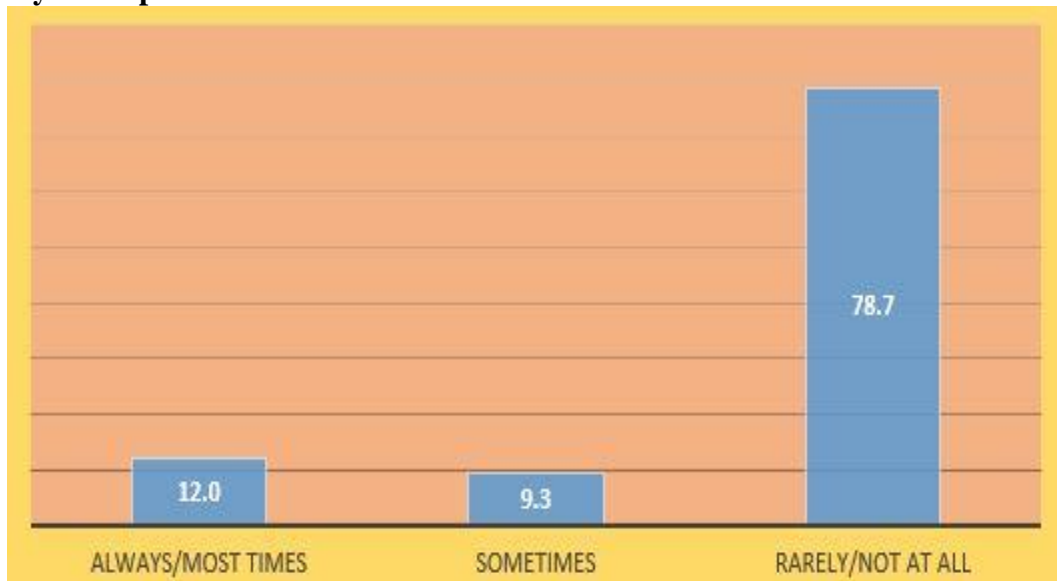
Figure 27: Electoral System Credibility



Source: Survey Result, 2018

Thereafter, respondents were also asked about their perception of the extent to which national elections are considered to be free, fair, and generally transparent. Approximately 78.7% of respondents stated that they believed the national elections were rarely or not at all free, fair, and generally transparent; 9.3% thought it was sometimes free, fair, and generally transparent, and 12% felt that it was always free, fair and generally transparent. See figure 28 below for more information.

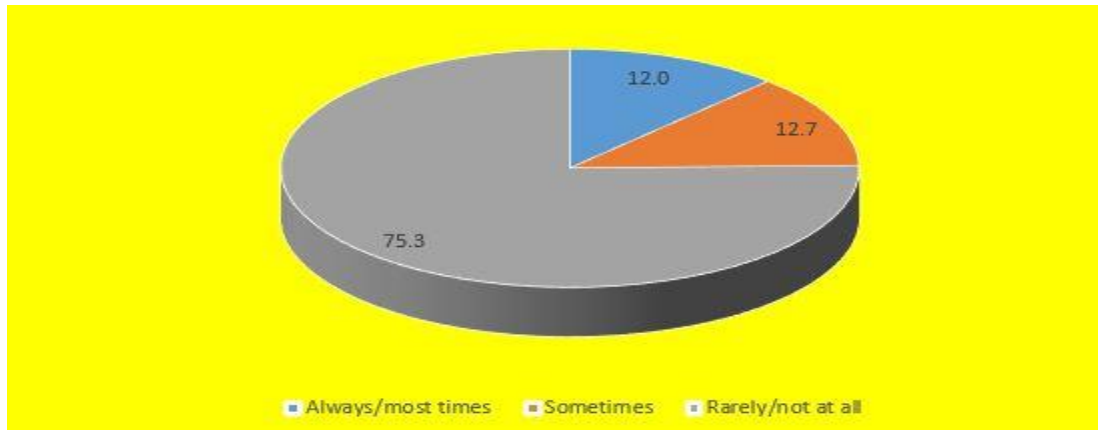
Figure 28: National Elections Are Considered To Be Free, Fair, And Generally Transparent



Source: Survey Result, 2018

The final question regarding elections was whether the respondents thought local elections were free, fair, and generally transparent. As with the previous responses, 75.3% thought they were rarely/not free, 12.7% thought they were sometimes free, fair, and generally transparent, and 12% thought that local elections were always conducted in a free, fair, and transparent manner. See figure 29 below for more information.

Figure 29: Local Elections Are Considered To Be Free, Fair, And Generally Transparent



Source: Survey Result, 2018

As the findings from KIIs⁵³ reflected, several elections were held since the 1991 regime change. In this regard, the regime's willingness to make use of elections as essential instruments of representative politics by itself could be considered a positive development for a post-conflict country. However, the legitimacy of the electoral process is still a hotly-contested issue. This is mainly because of the failure to provide a level field for all contestants, i.e, the ever-narrowing of the country's political space and obstacles relating to the electoral process' legal and institutional framework. The emergence of the EPRDF as a sole proprietor of state power and its continued interest in consolidating its military victory through the facade of multiparty elections made the road to a multiparty parliamentary democracy difficult.

Pausewang and Aalen (2001: 19), in their interview with a representative of EPRDF, indicated that: "We fought for 20 years, and it is not fair that any party born yesterday should compete with us. We (the EPRDF) will fight to keep the power." This indicates that the EPRDF officials, especially those who fought the previous Dergue (military junta) regime, were not ready to leave power through the ballot box.

Public Goods

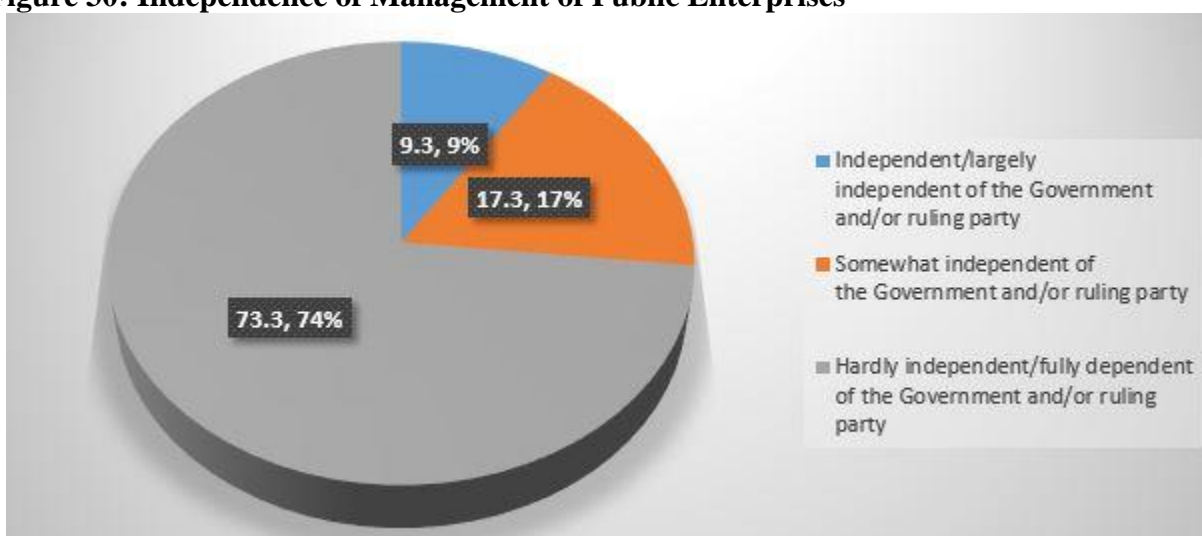
Adam Smith argued that the government should be tasked with three leading roles, all of which can be described as the provision of public goods. The first two are to supply a military to defend

⁵³ Interview 14, 16, 24

against external invasion and to maintain an impartial legal and judicial system. The third is instituting and maintaining those public institutions (Smith and Edwin, 2003). To gauge the government's role in the management of public enterprises, respondents were asked whether the management of public enterprises was independent. Of the received responses, 73.3% stated that public enterprises were hardly independent or entirely dependent on the ruling party.

On the other hand, a small percentage of 9.3% of respondents think that public enterprises are independent of the ruling party. And about 17.3% believe that they're somewhat independent of the government and/or ruling party. See figure 30 below for more information.

Figure 30: Independence of Management of Public Enterprises



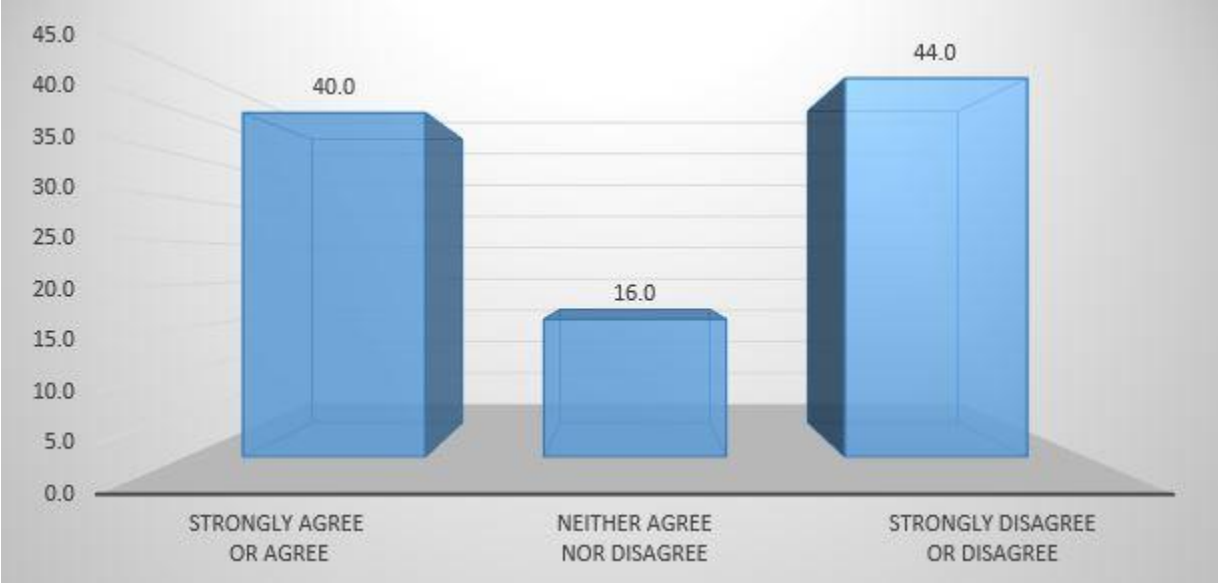
Source: Survey Result, 2018

Similarly, feedback from the KIIs⁵⁴ indicates no distinction between the public institutions and the ruling party. Most public servants in the country are from the ruling party, and if they are not they are also encouraged to join the ruling party unless there is minimal probability of promotion and benefitting from educational promotion. Especially after the 2005 election, most public servants, including university lecturers, were forced to join the ruling party - EPRDF.

⁵⁴ Interview 14, 16, and 24

This result, coupled with the question of whether access to public goods is primarily determined by non-official identity interests (political affiliation, ethnic ties, racial identity, etc.) and the subsequent response of 44% of respondents strongly disagreeing or disagreeing while 40% strongly agreed or agreed and about 16% neither agreed nor disagreed, paints the picture of the public enterprises’ significant dependence on the ruling party-government and that non-official factors determine their access to these public goods. See figure 31 for more information

Figure 31: Is Access To Public Goods Largely Determined By Non-Official Identity?



Source: Survey Result, 2018

Likewise, the findings from KIIs⁵⁵ indicate that access to public goods is largely determined by non-official identity as individuals and businesses linked with the ruling party are favoured above others.

3.4.3.2 Rule of Law

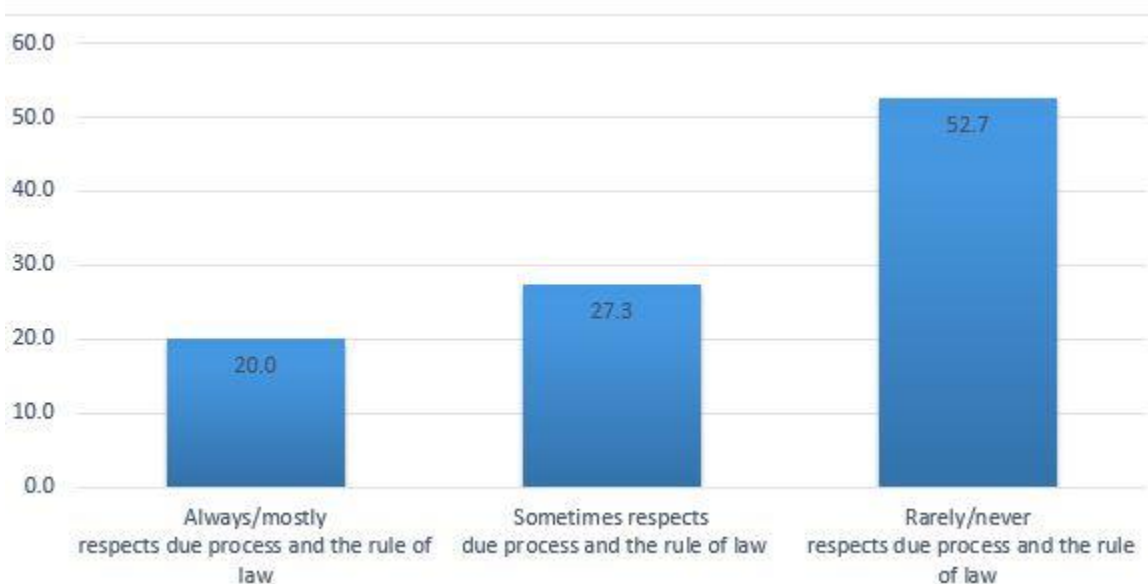
The rule of law is a broad and expansive concept. And so, to have a meaningful discussion on this subject, we must delimit its scope. The rule of law prevails where (i) the government itself is bound by law; (ii) the human dignity of each individual is recognised and protected by law; (iii) every

⁵⁵ Interview 14, 16, 18, and 24

person in society is treated equally before the law; and (iv) justice is accessible to all (Baissus et al 2004).

Taking this definition into account, respondents were asked whether the government in its current state respects due process and the rule of law. The participants' response indicates that a majority (52.7%) believe that the government rarely/never respects due process. Only 20% of respondents believe that the government always/mostly respects due process and the rule of law, while about 27.3% of respondents think that the government only sometimes respects due process and the rule of law. This shows that a sizeable proportion of respondents' lack confidence in government's ability to respect the rule of law.

Figure 32: Government Respect For The Rule Of Law



Source: Survey Result, 2018

The data obtained from the KIIs⁵⁶ confirmed that there had been derailment of the rule of law. As a result, checks and balances were absent among the branches of the government. Lack of integrity and independence in the judiciary, police, and the military have also been witnessed.

⁵⁶ Interview 14, 16, 18 and 24

Relationship Between Government Organs

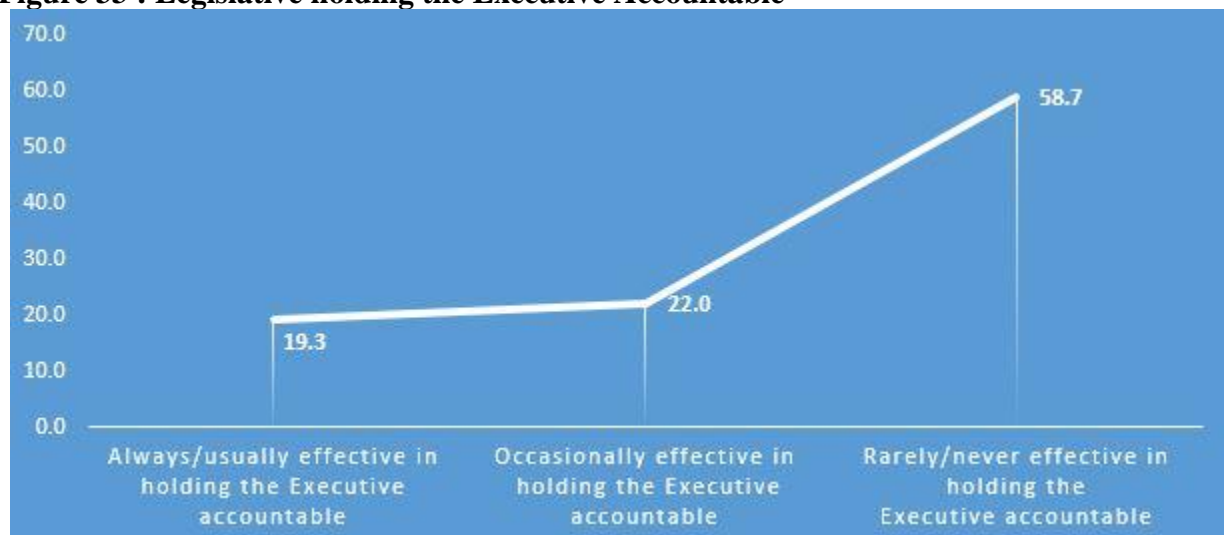
The government of Ethiopia comprises the executive, legislative, and judicial branches. The legislative makes laws, the executive enforces the laws, and the judicial branch explains the laws. These government functions are be separated to prevent the abuse of state power.

The legislative branch of the Ethiopian Government is composed of two houses – the House of Federation (HoF) and the House of Peoples’ Representatives (HoPR). The House of Federation is composed of representatives of the Nations, Nationalities, and Peoples of the country elected either by the State Councils or directly by each State/region’s people. Strictly speaking, the HoF does not have a legislative function but has been entrusted with other essential powers, especially those relating to the task of ensuring the rights of the Nations, Nationalities, and Peoples of the country.

The Constitution declares the House of Peoples Representatives “the highest authority of the Federal Government” and its members are elected directly. The HoPR has the power to legislate in all matters assigned by the Constitution to Federal jurisdiction (FDRE Constitution, 1995).

Thus, the Ethiopian Constitution contains adequate provisions to guarantee Parliament’s formal independence in its legislative functions. It also has broad supervisory authority over the executive branch. But to assess the prevailing perception about the legislature’s effectiveness in holding the executive accountable, respondents were asked their opinions on this. A majority, at 58.7%, believed that the legislative branch was rarely/never effective in holding the executive accountable. In comparison, 22% thought it was occasionally useful, and about 19.3% believed that the legislative was always/usually effective in keeping the executive accountable. See figure 33 below for more information.

Figure 33 : Legislative holding the Executive Accountable

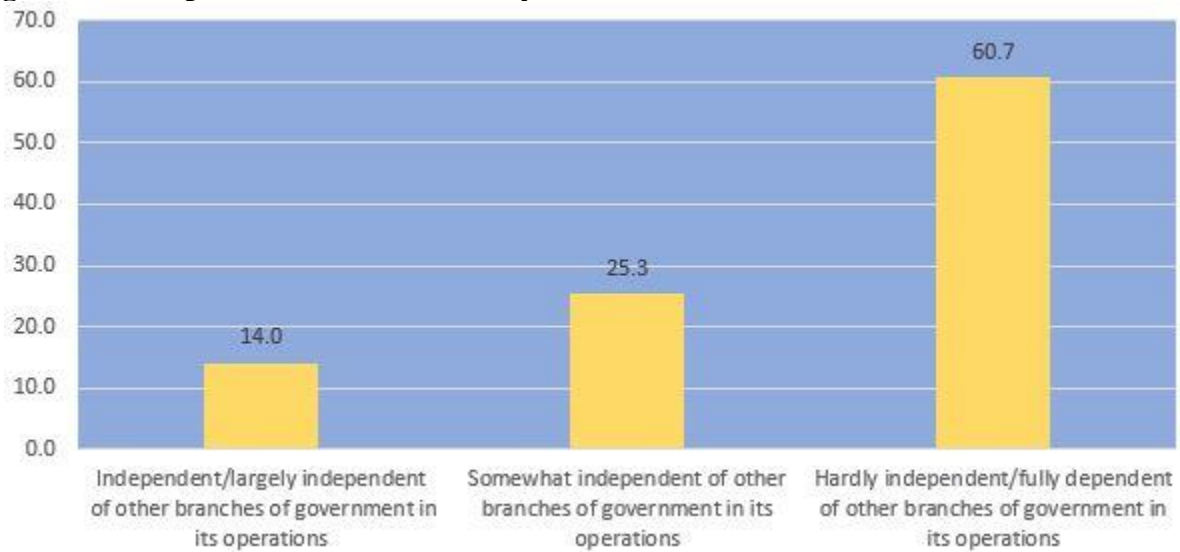


Source: Survey Result, 2018

The survey therefore suggests that the perception of the legislature's effectiveness in holding the executive accountable is shallow. The findings from KIIs reveal that the country's legislature is a rubber stamp of the Executive as it seems to simply endorse decisions made by the ruling party. The ruling party also controls the parliament as EPRDF won 99.6 % of the vote in the 2010 election and 100% in the 2015 election.

Respondents were also asked for their thoughts on the independence of the judicial branch. Approximately 60.7% of them stated that they thought that the judiciary was hardly independent/fully dependent on other branches of government in its operations, while 25.3% believe that it is somewhat independent, and 14% state that it is wholly independent/largely independent (see figure 34 below).

Figure 34: Independence of the Judiciary



Source: Survey Result, 2018

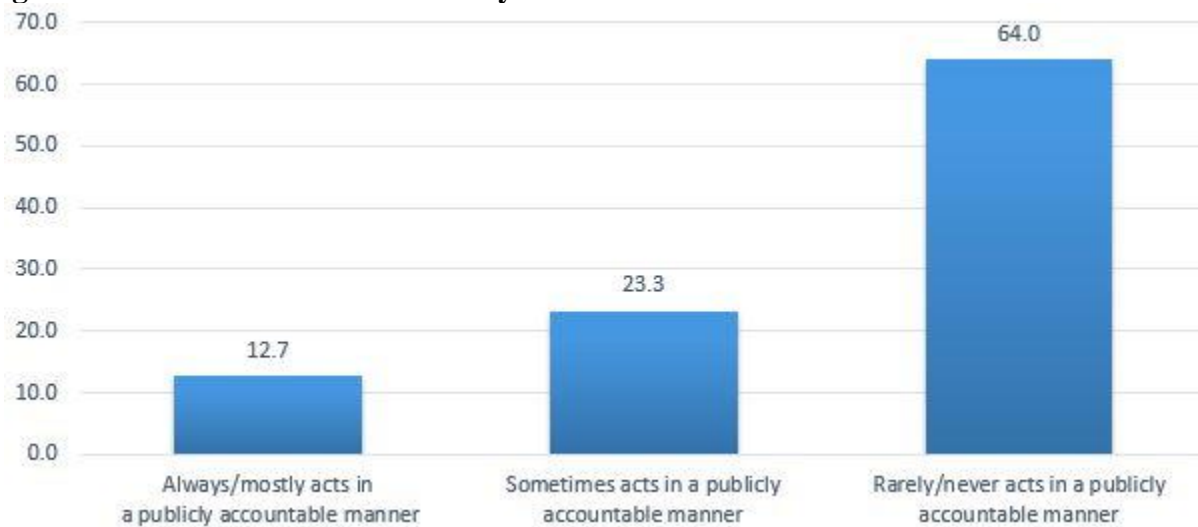
These two results combined seem to indicate a lack of confidence in the separation of powers as a means of checks and balances between organs of government. There is doubt about the independence of the branches as well as their ability to hold other branches accountable.

Government Accountability

The FDRE Constitution, having defined the functions and duties of government organs and their officials, rounds it off by requiring them to carry out their responsibilities in a transparent and accountable manner (Articles 12/1 and 2).

Considering this, the survey asked respondents about their thoughts regarding the government's accountability. Approximately 64% of the responses stated that the government rarely/never acts in a publicly accountable manner; 23.3 % indicated that it is sometimes responsible. A low 12.7% said that the government always/mostly works in a publicly accountable way. See figure 35 below on government accountability.

Figure 35: Government Accountability

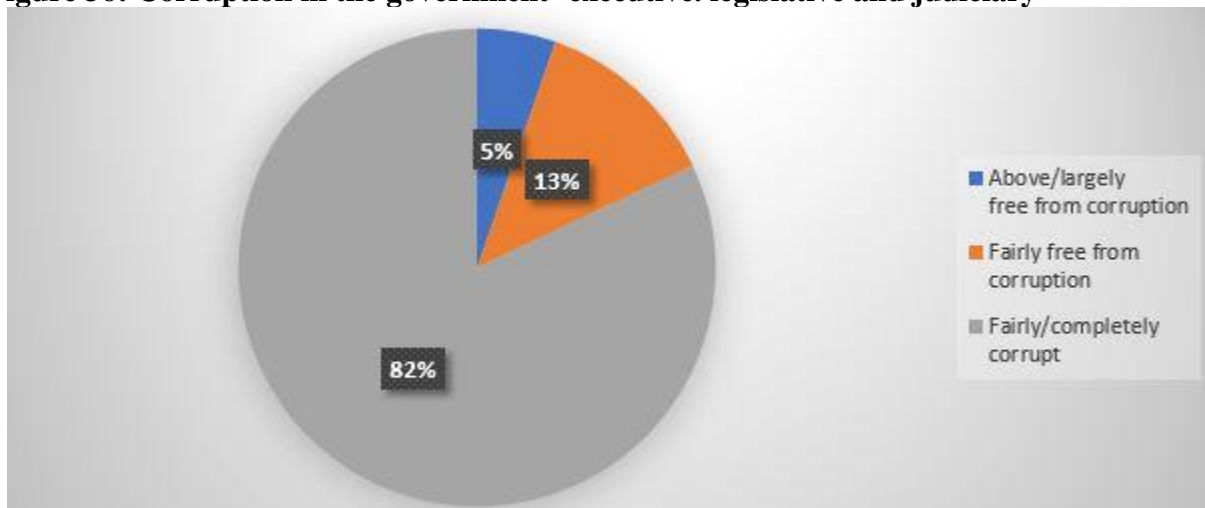


Source: Survey Result, 2018

Corruption in Government-Executive, Legislative, and Judiciary

As stated above, the separation of these branches of government is meant to serve as a means of checks and balance to prevent the abuse of power. Unfortunately, checks and balances is a missing link in the Ethiopian government system during the term of the late Prime Minister Meles Zenawi and Prime Minister Hailemariam Desalegn. The country witnessed the dominance of the executive branch over the legislature and the judiciary. This, in turn, created an environment that allowed corruption to thrive in the country. When asked about their opinions on whether or not the government is corrupt, an overwhelming majority of respondents (82%) stated that the government was fairly/utterly corrupt. In comparison, 13% thought it was relatively free, and only 5% believed that the government was above/mostly free from corruption. See figure 36 below for more information.

Figure 36: Corruption in the government- executive, legislative and judiciary



Source: Survey Result, 2018

This indicates a severe lack of confidence because a government cannot be truly effective unless it is free from corruption. As the findings from KIIs⁵⁷ revealed, corruption, both grand and petty, has been a formidable challenge for the country. For instance, participants in KIIs⁵⁸ indicated corruption involving more than 48 billion birr in METEC-contracted projects alone. Another huge loss of funds was related to the country's delayed sugar projects. The head of METEC, Bri. General Kinfe Dagne, was still imprisoned since 2019 because of the money that was lost as a result of corruption in the organisation.

As Mandefro Eshate⁵⁹ said, former government officials have indicated that they tolerate it when higher government officials are involved in corrupt activities. This is because when they deviate from either the ruling party's ideology or decisions made at higher levels, they are put in jail in the name of corruption. It is assumed that officials involved in corruption serve the ruling party and will defend decisions made at higher levels. Alemayehu (2019: 19) argued that "flawed

⁵⁷ Interview 14, 16, 18 and 24

⁵⁸ Interview 14, 16, 18 and 24

⁵⁹ Interview with Mandefro Eshate, PhD., former government officials, Deputy Minister of Science and Technology. Interview on 23 November 2019 at Friendship Hotel. Time 2-4 pm.

implementation of the developmental state has created horizontal inequality and led to corruption and elite conflicts” He further explains that “this problem emanates not out of the model, but rather from the way it was put into practice” (Geda 2019: 19).

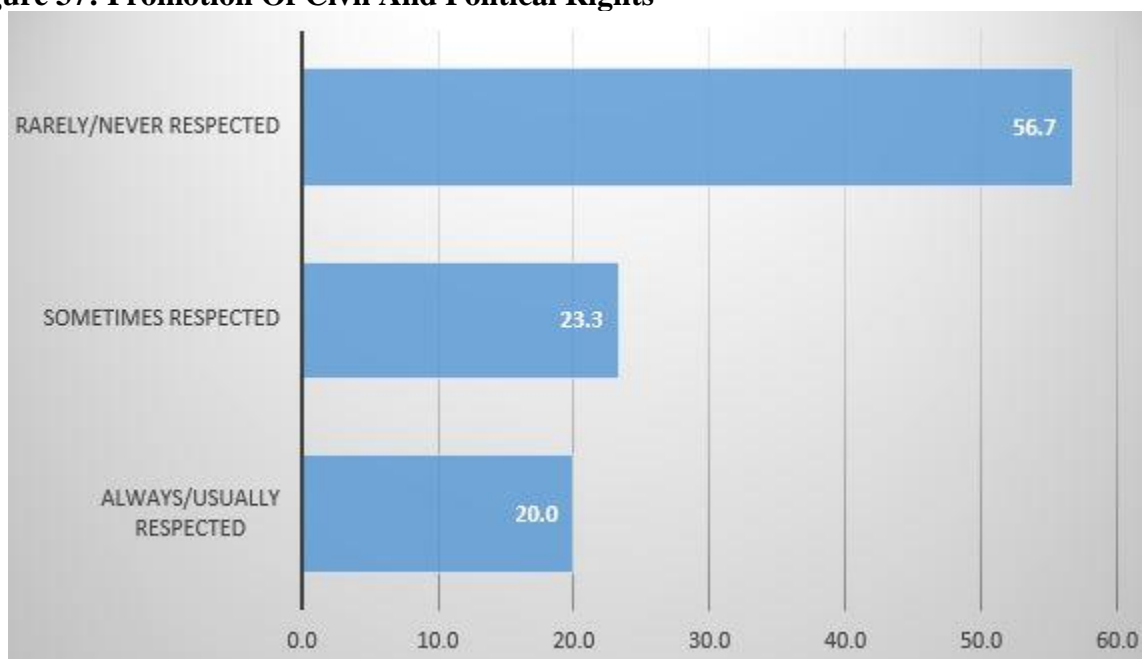
3.4.3.3 Promotion of Civil and Political Rights

After the military regime’s demise, Ethiopia has experienced a new Transitional Charter and then a new Constitution. This Charter (between 22 July 1991 and 21 August 1995), under the EPRDF regime, recognised “freedom, equal rights and self-determination of all the peoples’ as its governing principles (Tibebu, 1995). The foundation for extensive legal recognition of human rights in Ethiopia during the EPRDF is the FDRE Constitution, which came into force in August 1995. The FDRE Constitution classifies human rights as one of its five fundamental principles. It declares that human rights and freedoms, emanating from the nature of humankind, are inviolable and inalienable and that the human rights of citizens and peoples are to be respected. The Constitution further charges all Federal and State legislative, executive, and judicial organs at all levels with the responsibility and duty to respect and enforce the constitutional provisions of human rights.

About one-third of the constitutional provisions are devoted to fundamental rights and freedoms, including both human and democratic rights. Accordingly, most civil and political rights and economic, social, and cultural rights, as well as the right to development and environmental rights, are stipulated in the FDRE Constitution in detail. Besides, the Constitution guaranteed the rights of women, children, and vulnerable groups such as persons with disabilities and minority groups. Further, Article 9(4) and Article 13 of the FDRE Constitution state that international agreements ratified by Ethiopia are an integral part of the FDRE Constitution.

Against this background, the respondents were asked whether the civil and political rights provided in the constitution were respected. Many respondents (56.7% of them) said they thought that civil and political rights were rarely/never respected. In comparison, about 20% of the responses claimed that civil and political rights were always/usually respected. About 23.3% of responses stated that they thought that these rights were only sometimes respected. This indicates a large deficit in citizens’ confidence in their government, for one of the foundations of a government’s legitimacy is their ability to promote their citizens’ rights

Figure 37: Promotion Of Civil And Political Rights



Source: Survey Result, 2018

Results of KIIs supplement the results of the survey. KIIs⁶⁰ conducted indicate that there appears to be a high level of civil and political rights violations in the country. For example, concerning the promotion of civil and political rights, one of the key informants claims that: “As reported and documented by various national and international right-based organisations, there have been gross human rights violations in the country under the EPRDF regime.”⁶¹

Civil Society’s Role in the Promotion of Accountability and Transparency

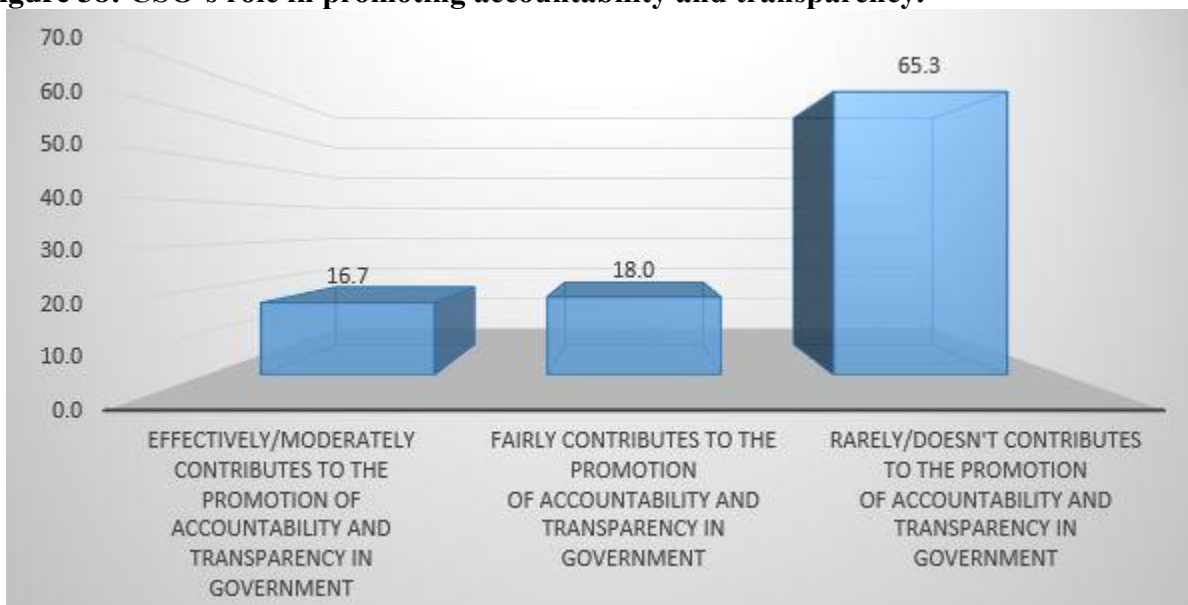
Civil society refers to non-state actors representing a particular group distinct from government and private companies, such as nongovernmental organisations (NGOs), trade unions, charities, faith-based organisations, professional associations, and community-based organisations. These actors influence a states politics and are indispensable in promoting democracy and good governance (Rahamato 2002).

⁶⁰ Interview 14, 16, 18 and 24

⁶¹ Interview 16, and 19

Considering this, respondents were asked about the role of civil society in promoting accountability and transparency. Approximately 65.3% of the response stated that civil society rarely/doesn't contribute to the promotion of accountability and transparency in government, 18% claim that it somewhat contributes, and 16.7% state that it effectively/moderately contributes to the promotion of accountability and transparency. See figure 38 below on civil society organisations' (CSO) role in promoting accountability and transparency.

Figure 38: CSO's role in promoting accountability and transparency.



Source: Survey Result, 2018

As the data from KIIs⁶² indicated, Ethiopia has limited experience in involving CSOs in the policy process. After the voting in of EPRDF in 1991, until the 2005 national election, CSOs had increasingly assumed encouraging roles in the Ethiopian government and politics. However, after the 2005 election, the role of CSOs was diminished because of the Charities and Societies Proclamation, No. 621/2009, which prevented CSOs from participating in advocacy to work mainly on human and democratic rights.⁶³

⁶² Interview 4, 18, and 22

⁶³ Interview with Kassahun Birhanu, Professor of Political Science and International Relations, Addis Ababa University, Interviewed on 25/07/2018, from 10-12:30 pm at Addis Ababa University

Findings from the KII indicated that several CSOs closed in the past decade because of the above proclamation.⁶⁴As the former CEO of Consortium of Christian Relief and Development Association (CCRDA), one of the largest NGOs and civil society organisations with over 334 member agencies, indicated following the 2009 Charities and Civil Society Proclamation, local CSOs were under the “Intensive Care Unit- ICU” while the CCRDA (the largest association of civil society in the country) had an existential threat. He indicated that Ethiopia’s environment and policy framework was unfavorable to local NGOs after the controversial 2005 election and 2009 Charities and Societies Proclamation.⁶⁵ After Prime Minister Abiy Ahmed came to power, the proclamation changed and this improved the policy environment for CSOs.⁶⁶ However, CSOs practical contribution in influencing government policymaking and decision process has yet to be seen.

Mass Media Freedom

The media is one of the major interest groups in a democracy. It has a strategic role to play in advocacy, policy reforms, and agenda-setting. It is considered the fourth estate, after the executive, the legislature, and the judiciary. Media determines how most citizens receive information that is integral to their political choices. No democracy can thrive if citizens do not have the information they need to make free and informed choices. The media is also expected to play a watchdog role, exposing any abuse of power, corruption, maladministration, and ultra vires acts regardless of who commits them at any level of government and enable informed and inclusive public debate and decisions on issues concerning citizens. The media provides voters with information about the election and it can encourage the electorate to participate in elections. One of the principles of free and fair elections includes equal access to media and voting infrastructure by all the candidates (Agbaje 2011). However, mass media freedom is compromised in many African countries because of excessive interference or control from the ruling party.

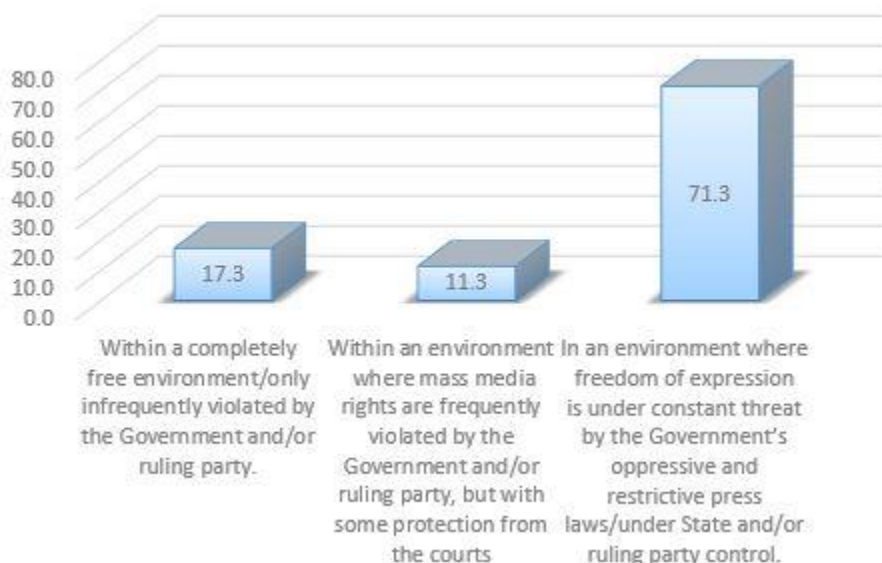
⁶⁴Interview with Ato Amanuel Assegid, National NGOs Humanitarian Forum Coordinator, CCRDA. Interview on 12 November 2019 at CCRDA premises from 9:00 to 10:30 am

⁶⁵Interview with former CEO of CCRDA, Dr. Meshesha Shewarega. Current Country Director for Ethiopian Red Cross Society (ERCS). Interview on 05 December 201 at ERCS from 3 to 4:30 pm.

⁶⁶ Interview with Tsigemariam Yohannes, Ethiopia Humanitarian Fund Officer, UNOCHA, on 13 September 2019 at UNECA Premises, UNOCHA Office.

Recognising this, respondents were asked about the environment within which the mass media operates, whether it was within a completely free environment or if the government and/or ruling party interferes. A large majority (71.3%) believe that the mass media operates in a situation where freedom of expression is under constant threat by the government’s oppressive and restrictive press laws/under state and/or ruling party control. On the other hand, about 17.3% perceive that the mass media operates within a completely free environment, and 11.3% believe that mass media rights are frequently (but not constant) violated by the government. See figure 39 below for more information.

Figure 39: Mass Media Freedom



Source: Survey Result, 2018

As the findings from KIIs⁶⁷ indicated, the law guarantees freedom of the press in Ethiopia. Furthermore, censorship of the press is also prohibited. Despite the formal pronouncements, Ethiopia’s government has earned the unenviable record of being designated the enemy of the free press. Indeed, Mass Media and Freedom of Information of 2008 and the Anti-Terrorist Proclamation of 2009 were viewed as draconian legislation to muzzle the free press. Since then, the media in the country is controlled by the state, and the private press has been subject to

⁶⁷ Interview 4, 18, and 22

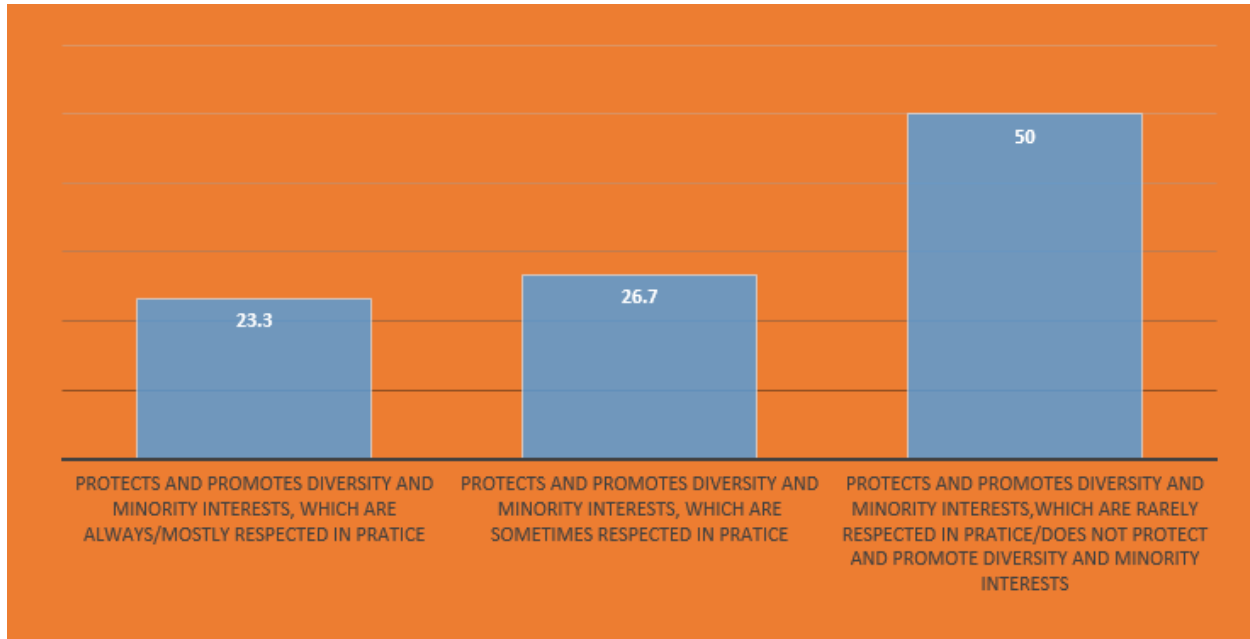
intensive harassment and surveillance by the government. Private televisions and radio are recent phenomena in the country. As Kelsall (2013: 101) noted, citing the Economic Intelligence Unit, 2008: “The country has one of the worst records of press freedom on the continent, and journalists and editors are frequently harassed or subject to arrest.”

Diversity Management

Ethiopia is a diverse country; from ethnicity to language, race to religion, culture to class, and generation to generation. Diversity can pose both a challenge and an opportunity. While it can be a source of development and power in “unity in diversity”, it can also be difficult for a society to stabilise and prosper if it has not taken the right precautions. Therefore, the Federal Constitution should lay down the framework for the protection and promotion of diversity and minority rights.

Respondents were asked to share their views on whether the Constitution protects and promotes diversity and minority interests. Approximately 50% opined that the Constitution protects and promotes diversity and minority interests, which are rarely respected in practice/does not protect and promote diversity and minority interests. Approximately 26.7 % said that the Constitution protects and promotes diversity and minority interest, which are rarely respected in practice. And 23.3% responded that the Constitution protects and promotes diversity and minority interest, which are always mostly respected in practice. See figure 40 below for more information.

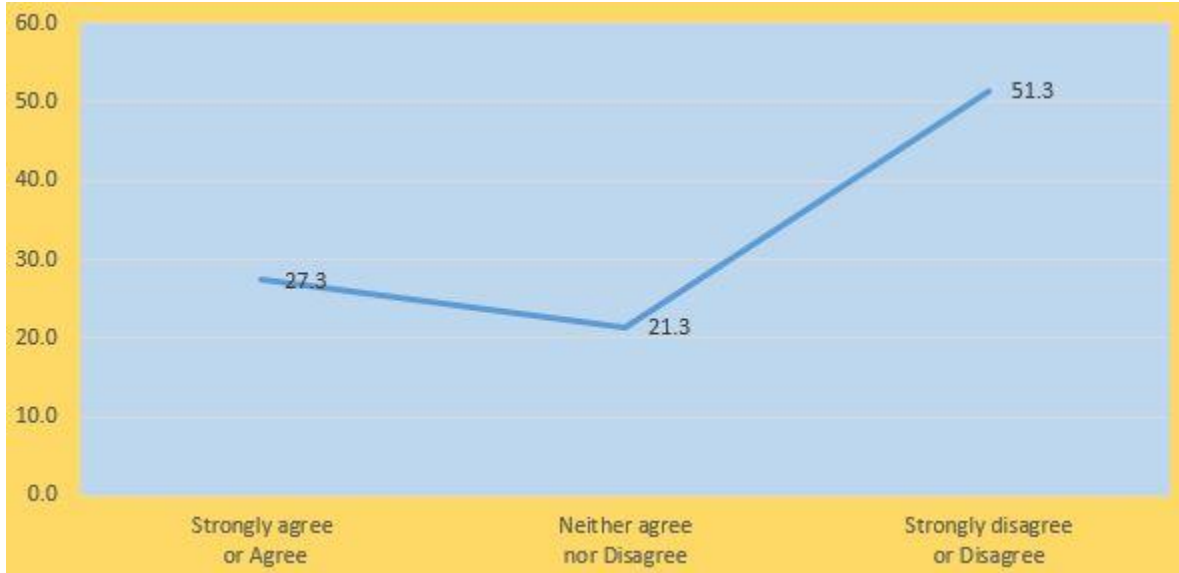
Figure 40: The Constitution Protects And Promotes Diversity And Minority Interests



Source: Survey Result, 2018

To complement this question, the survey also asked whether the composition of the government and leadership represents all segments and diverse interests in the country (ethnic, racial, gender groups). Responses collected show that about 51.3% strongly disagree or disagree that this is the case, 27.3%, on the other hand, strongly agree or agree, and 21.3% neither agree nor disagree.

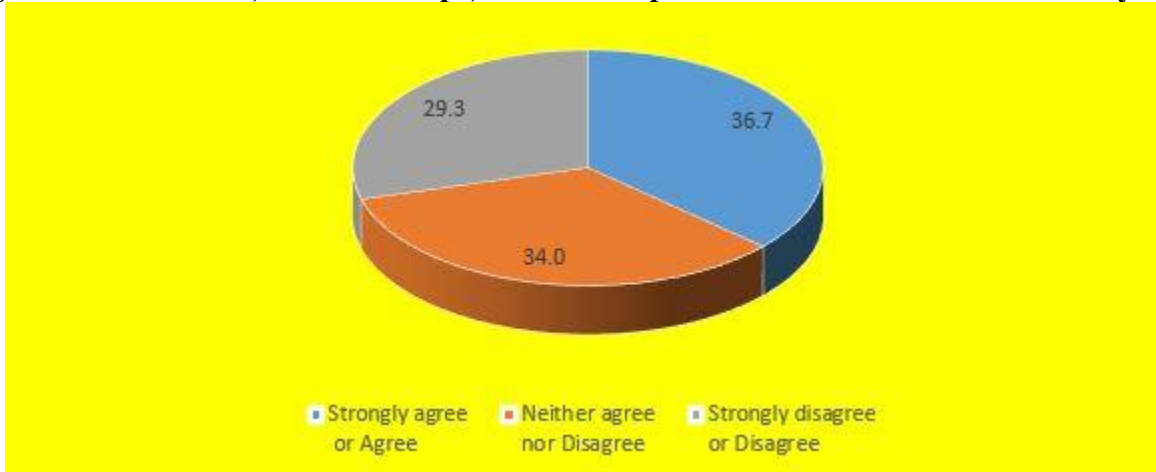
Figure 41: The Composition Of Government And Leadership Represents All Segments And Diverse Interests



Source: Survey Result, 2018

Respondents were asked whether minorities, ethnic groups, and the disabled have representation in the governance and development process. About 36.7% strongly agreed or agreed that this is the case, 29.3% strongly disagreed or disagreed, and about 34% neither agreed nor disagreed. See figure 42 below for more information.

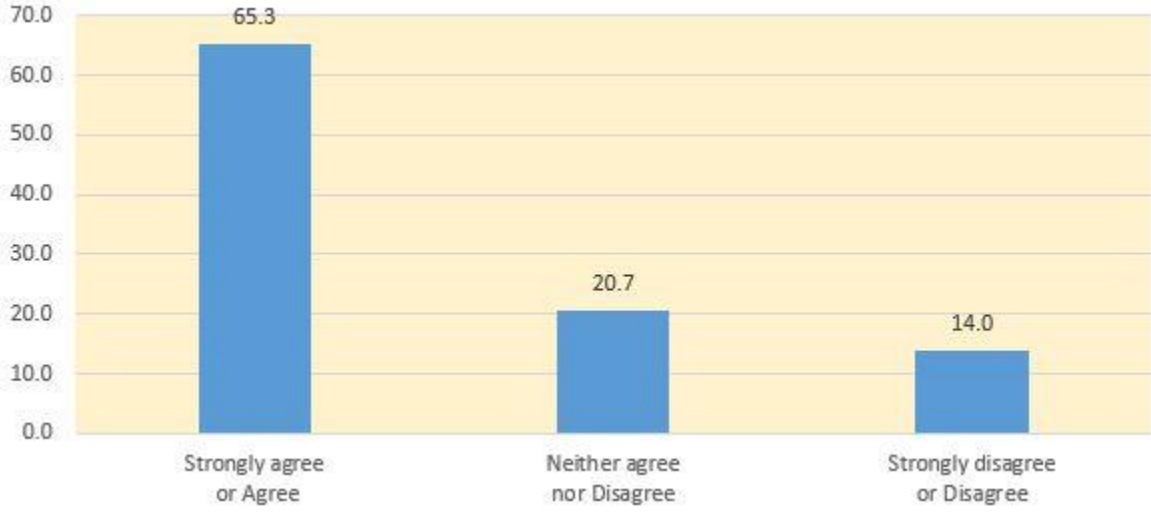
Figure 42: Minorities, Ethnic Groups, Do Have Representation In The Governance System



Source: Survey Result, 2018

In a similar vein, respondents were also asked about women, youth, and sectarian identity groups' representation in government and the development process. About women's representation in the governance and development process, about 65.3% of respondents strongly agreed/agreed that this was the case, 14% Strongly disagreed/disagreed, and the remaining 20.7% neither agreed nor disagreed. See figure 43 below for more information

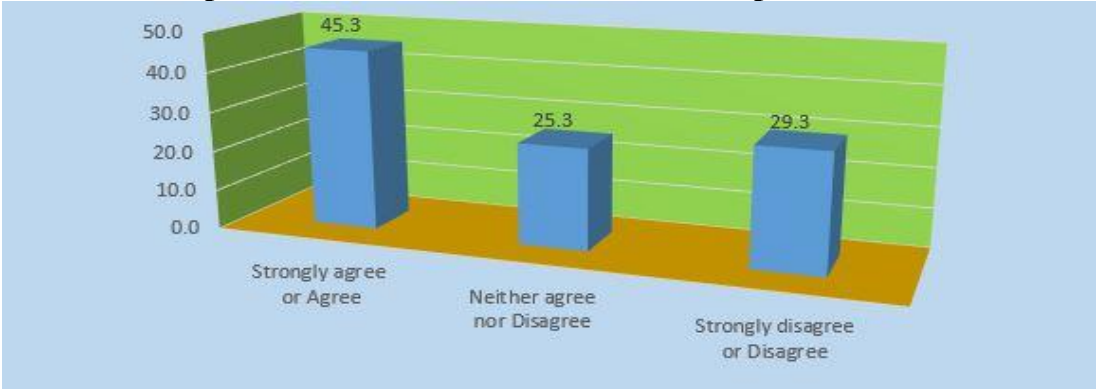
Figure 43: Women's Representation In Governance And Development Process



Source: Survey Result, 2018

With regards to youth's representation in the governance and development process, approximately 45.3% strongly agreed/agreed that the youth did have representation, 25.3 neither agreed nor disagreed, and about 29.3% strongly disagreed/disagreed that this was the case. See figure 44 below on youth representation in governance and development process

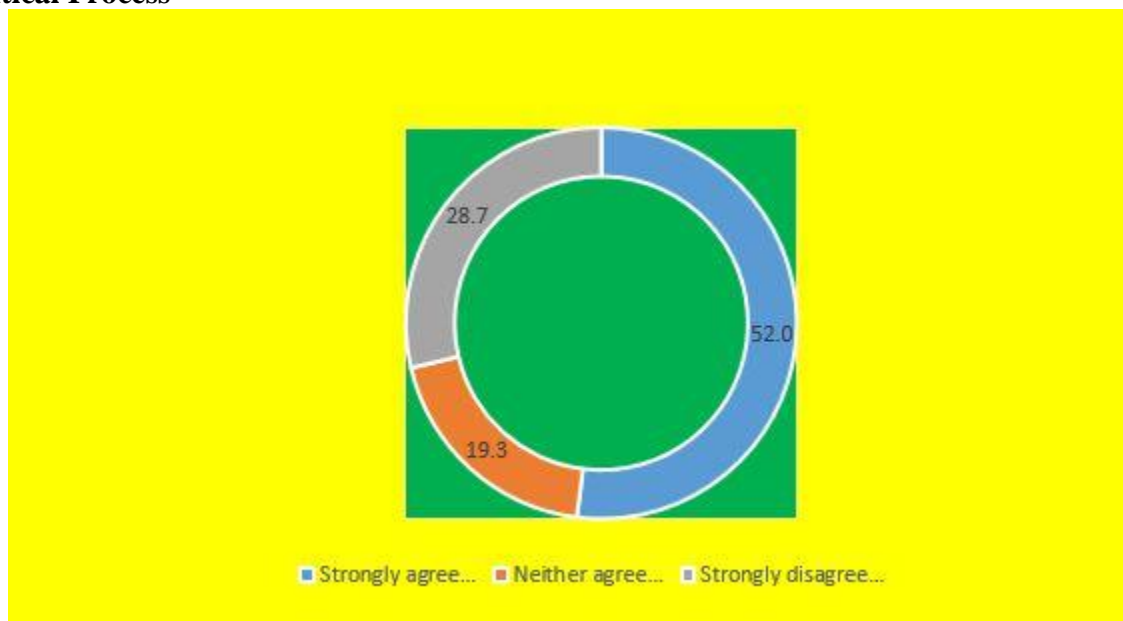
Figure 44: Youth Representation In Governance And Development Process



Source: Survey Result, 2018

Finally, respondents were asked about whether sectarian identity groups have considerable influence in the country's political process. Approximately 52% of respondents strongly agreed/agreed, and about 19.3% neither disagreed nor agreed, and 28.7% strongly disagreed/disagreed. See figure 44 on sectarian identity groups have considerable influence in the country's political process.

Figure 45: Sectarian Identity Groups Have Considerable Influence On The Country's Political Process



Source: Survey Result, 2018

The findings from KIIs⁶⁸ indicated that the government always works towards representing diverse ethnic, religions, women, and youth groups in the country's government and leadership composition. Even the country's Constitution puts sovereignty of the country on the Nations, Nationalities, and Peoples of Ethiopia (FDRE Constitution, 1995). However, there had been the dominance of the Tigrians/TPLF in the military, security, and higher echelons of the government.

The findings from the survey and KII with regard to the principal features of democratic governance in Ethiopia are reflected below. The findings from the survey and KII corroborate each other except few instances such as the composition of government and leadership represents all

⁶⁸ Interview 14, 16, and 24

segments and diverse interests, and women representation is mainly on soft power. For more information, see table 12 below:

Table 12- on convergence and divergence between Survey and KII on democratic governance indicators

No.	Democratic Governance Indicators (2)	Results from the Survey (out of 100%)	Result from KII	Convergence	Divergence	Comments
2.1.	Democratic Pluralism	23	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.2.	Electoral system credibility	9	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.3	National elections are considered to be free, fair, and generally transparent	12	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.4	Local elections are considered to be free, fair, and generally transparent	12	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.5	Government respect for the rule of law	20	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.6	Legislative control of Executive Branch	19	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.7	Independence of the Judiciary	14	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		

2.8	Corruption in the government- executive, legislative, and judiciary	5	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.9	The composition of government and leadership represents all segments and diverse interests	27	The findings from KIIs diverge from the survey.		The finding from KIIs indicate that the government attempts to diversify composition of leadership	
2.10	The national civil service is legally required to reflect the diversity of the country in its composition in terms of appointment and promotion	22	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.11	Minorities, ethnic groups etc. do have representation	37	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.12	Women's representation in governance and development process	65	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge	However, the KII finding indicate that women are assigned in soft power	
2.13	Youth representation in governance and development process	45	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.14	Sectarian identity groups have considerable influence in the country's political process	52	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.15	Government accountability	13	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		

2.16	Independence of management of Public enterprises	9	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.17	Is access to public goods largely determined by non-official identity?	40	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.18	Promotion of civil and political rights	20	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.19	CSOs role in promoting accountability and transparency	17	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.20	Mass Media Freedom	17	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		
2.21	The constitution protects and promotes diversity and minority interests	23	The findings from KIIs corroborate the results of the survey.	The result from the survey and KII converge		

Source: Analysed by the researcher

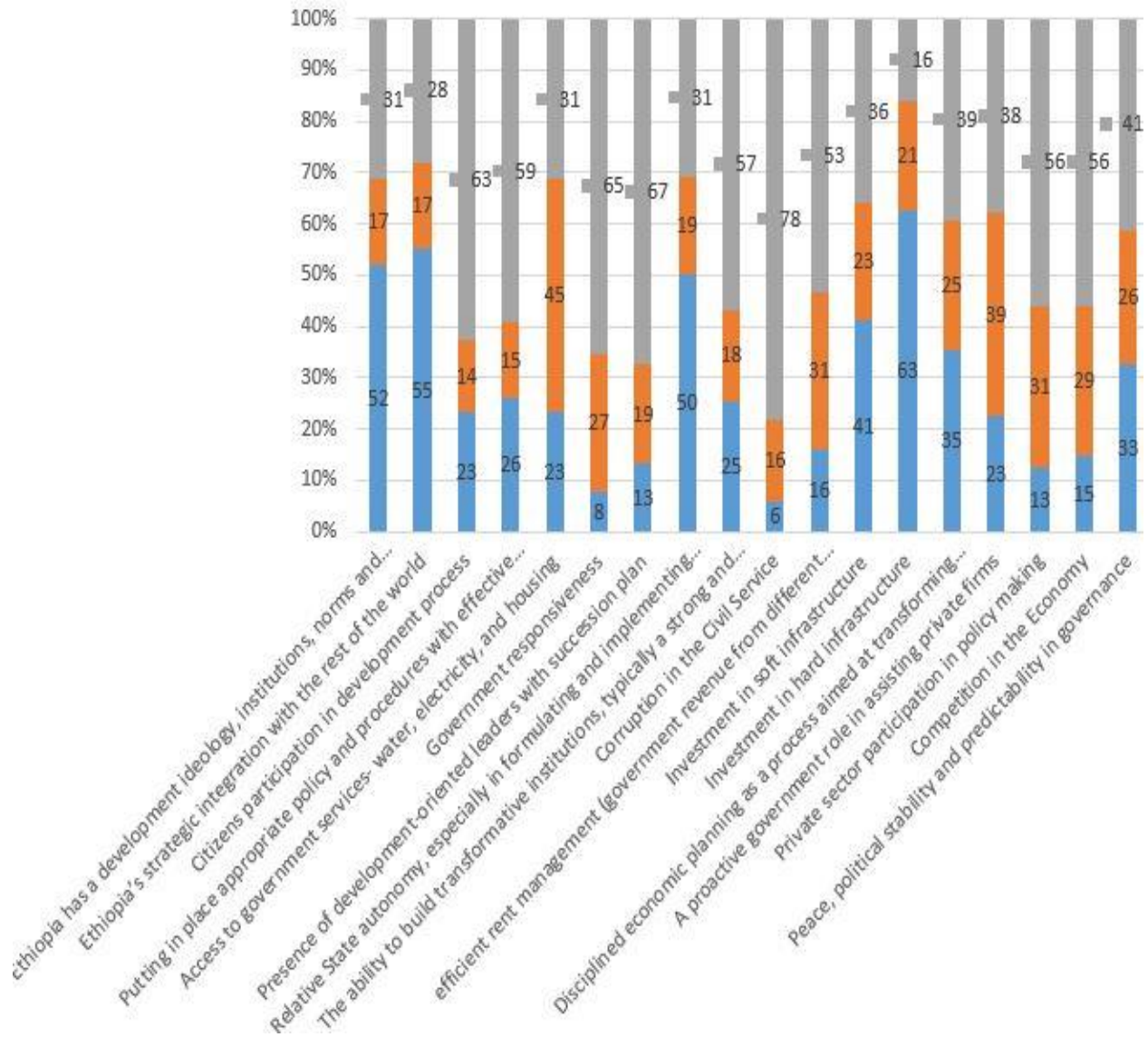
3.4.3.4 Conclusion

This chapter, which is the central part of the study, analysed whether Ethiopia is a developmental state or not using the empirical findings based on the literature review and analytical framework discussed in chapter two. The chapter also analysed the Japanese factor in early Ethiopian development thinking, how and why the developmental state re-emerged in Ethiopia, and the general features of a democratic developmental state within the context of Ethiopian experience. It relied on quantitative data, namely the survey, and the qualitative data generated from KIIs as well as desk research.

In this context, with two broad classifications – the general features of developmental state and the democratic system in the country, the chapter analysed the extent of Ethiopia's democratic developmental state. From the first part of the study's analysis, i.e., on the general features of developmental states in Ethiopia, some areas have shown promise (gained positive responses). These are: Ethiopia has a development ideology, institutions, norms, and standards that can support the development process; relative state/government autonomy, especially in formulating and implementing policy; hard and soft infrastructure development; and the country's strategic integration with the rest of the world.

For instance, approximately 52% of the respondents agreed to the notion that Ethiopia has a developmental ideology; and a structure pertaining to the requisite institutions, norms, and standards that can support the development process. Ethiopia's strategic integration with the rest of the world is also improving, according to the survey. Approximately 55% of the experts believe that Ethiopia has a strategic integration process with the rest of the world based on how they support the national interest in promoting economic growth and structural change. National autonomy and infrastructure development have proven to be the positive aspects of the Ethiopian economy in this particular survey. This is encouraging and a sign that Ethiopia can achieve the status of a developmental state once the other issues have been resolved. The findings from the KIIs also corroborate the survey findings. See figure 46 below on general features of the developmental state within the context of the Ethiopian experience.

Figure 46: General Features Of The Developmental State Within The Context Of The Ethiopian Experience



Source: Survey Result, 2018

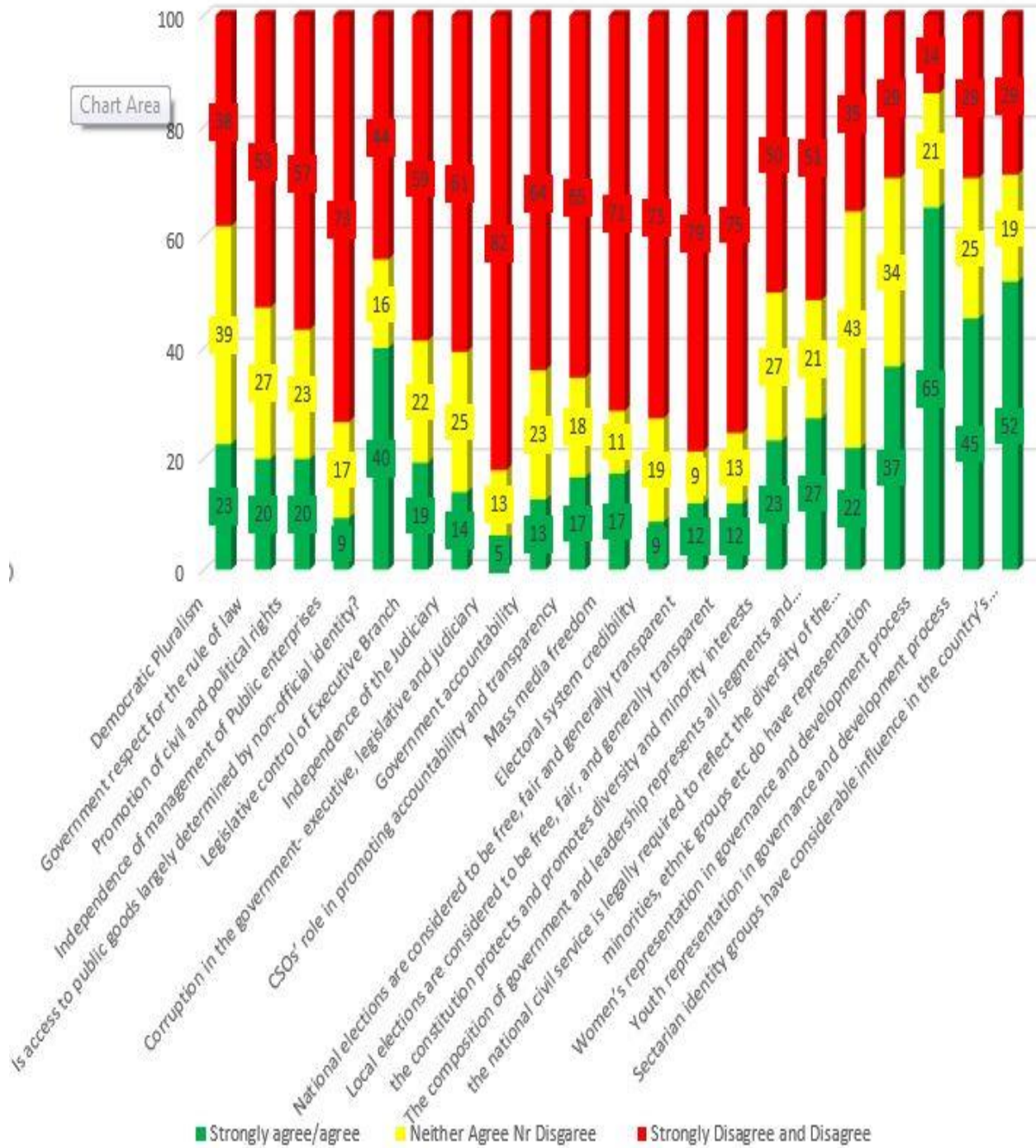
However, from the analysis of the questionnaire prepared for the survey, it can be summarised that the participants as a group reflected low ratings about the notion of the prevalence of a

developmental state in Ethiopia. In particular, on the following indicators: disciplined economic planning as a process aimed at transforming the structure of the economy; the presence of development-oriented leaders with a succession plan; the ability to build transformative institutions, typically a strong and competent merit-based bureaucracy; corruption in the civil service; efficient rent management (government revenue from different sources) and its orientation to long term investment by policymakers; citizens participation in development; putting in place appropriate policy and procedures with effective mechanisms; access to government services- water, electricity and other utilities; private sector development; local government administration; and peace, political stability, and predictability in governance.

For instance, approximately 78% of the respondents said that there is corruption in the civil service. This is a clear indication that the country's public service sector is corrupt and riddled with injustice and poor governance. The summary of the analysis can also be inferred from the above graph. The experts also responded quite negatively towards issues involving the government's attitude towards the private sector. Besides, a sizeable proportion of the participants, about 56%, also suggest that the government rarely takes effective measures to ensure competition in the economy. This implies that a monopoly by some specific firms in the economy exists. The economy will suffer gravely if this phenomenon persists. Similarly, 38% of the participants have reflected the perception that the government is rarely effective in assisting the private sector. The same findings are corroborated by the results of KIIs.

On the other hand, the chapter also analysed the extent of democratic governance in the country. The findings and KIIs indicate that except for a few indicators, such as women's and youth representation in governance and development process, the participants have a negative attitude towards the notion of the prevalence of a democratic developmental state in Ethiopia. Particularly, when they were presented with the question of whether or not they consider national elections to be free and fair, 79% percent responded negatively, and only 12% responded positively. This is a clear indication that democracy has a long way to go to ensure the needs of the community. This, in turn, will be an anchor to the nation's progress towards becoming a democratic developmental state. The summary of the analysis can also be inferred from the graph below.

Figure 47: Democratic Governance System



Source: Survey Result, 2018

The respondents responded in agreement to the prevalence of corruption in the government-executive, legislative, and judiciary; 82% of the experts agree that there is corruption in the

government - executive, legislative, and judiciary. This is alarming because if the decision-makers in the country are corrupt, the system is bound to fail. According to the survey, the local elections are also unfair. About 75% of the participants do not consider the local election to be fair and free. Also, a sizeable proportion of the participants, about 71%, suggest that there is no mass media freedom in the nation. This implies that the government does not allow the voices of the people to be heard. The system will suffer gravely if this phenomenon persists. Similarly, 57% of the participants have reflected the perception that the government does not promote civil and political rights. In summary, the Ethiopian government needs to ensure the freedom of the people to develop a democratic developmental state.

Furthermore, many other issues of democracy, such as democratic pluralism, government's respect for the rule of law, legislative control of the executive branch, independence of the judiciary, electoral system credibility, are also in the red. The majority of the participants responded negatively about the government's ability to address these specific issues efficiently. Overall, the analysis reveals that there is much room for improvement. It is essential to address these issues to achieve a democratic developmental state in Ethiopia. This chapter concludes, therefore, there while there is an emerging democratic developmental state in Ethiopia, it is not without challenges.

CHAPTER FOUR

CASE STUDIES: INDUSTRIAL PARKS DEVELOPMENT, LEATHER INDUSTRY, ROADS AND RAILWAY, AND CONDOMINIUM HOUSES

4.1. Introduction

As indicated in chapter two in the literature review and subsequently in the analytical framework, designing the right institutions and policies is pertinent to developing developmental states (Rodrik 2003: 10, Wade 1992: 272-74, and Evans 2008: 16). For instance, Wade argued that if poorer countries follow East Asian developmental state kind of policies, the same effect can be obtained (1992: 272-73). If appropriate policies and institutions are engaged as indicated in the analytical framework, it will result in economic growth, structural transformation, and a modicum of economic and human development achievements, including poverty reduction, education for all, primary healthcare, and women empowerment. In this context, four typical cases or flagship projects, which are considered representative of Ethiopia's developmental state, are chosen and analysed in this chapter. These are the Industrial Parks (IPs) development, leather industry, road construction, railway network, and housing development in Addis Ababa.

The Growth and Transformation Plan (GTP) I (2010 to 2015) and II (2016 to 2020) emphasises agriculture and industry as the main engines of growth. The government identified strategic industrial groups within the industry sector, including leather tanning and footwear, textiles, and apparel, cement, and floriculture. These industries are labour-intensive, capable of forging strong links with agriculture and able to bring about export-led industrialisation. In this context, the government also engaged in industrial park development to enhance the contribution of the industry and affect the structural transformation of the economy.

As indicated in the previous chapter, the Ethiopian government has also done a lot in infrastructure development, mainly in hard infrastructure, which includes the construction of roads, bridges, electricity grids, water, and sanitation facilities as well as railways. In particular, roads and railways are the centres of some significant investment plans in Ethiopia. Besides, the government of Ethiopia also embarked on housing development. For instance, in the 2013 budget year alone, the government

planned to spend 7.8 billion USD on mega projects on roads, railways, public housing, and electric power (Cheru and Zinabu, 2019: 116). The assumption is that these all are expected to propel Ethiopia into the Middle-Income country category in 2025.

4.2. Industrial Parks Development

4.2.1. Industry Description

Ethiopia's economy has been growing remarkably by an average of 11% per annum in the last 12 years. Underpinning this growth, the expansion in the agriculture and service sectors is critical, with economic sectors accounting for about 41% and 45% of the GDP in value-added terms. The contribution of the industrial sector to GDP, on the other hand, has remained below 14%. Notwithstanding the remarkable spurt of economic growth, there has been limited growth in the industrial sector, suggesting a slow pace of industrialisation and structural transformation over the last decade (Manyazewal and Admasu 2019: 155).

Evidence revealed that the essential constraints that hinder robust and fast economic transformation could be seen from the perspectives of specific implementation level constraints and those that hinder the overall industrialisation process. The key limitations for industrialisation and transformation in Ethiopia are the lack of capital, foreign exchange, and production and management knowledge. The specific limitations mainly related to the manufacturing sector include land acquisition, custom and logistic services, low capacity utilisation, and absence of coordinated effort in the development and provision of infrastructure and public services, and quantity shortages and quality deficiencies of raw materials. Empirical evidence shows that these are typical constraints observed in a country at its early economic development and economic transformation (Oqubay 2019b).

Thus, the implication is that policymakers attempting to alter the economy's structure need to emphasise addressing these constraints to transform the country's economy to model based on high productivity and value add sectors, especially manufacturing and modern agriculture services. Such transformation would be accompanied by a shift towards higher value addition, stable or decent employment generation with the non-agriculture sector increasing its employment share, increased competitiveness domestically and internationally, as well as a more equitable distribution of income (Manyazewal and Admasu 2019: 155 and 156).

The experience of other countries which have gone through similar development stages revealed that the industrial park is one of the policy instruments that can be used for industrialisation. It has advantages in addressing, among others, the above constraints and it accelerates the economic transformation and development of a country that encountered such constraints and is committed to building an industrial economy. Therefore, Ethiopia aims to use IP development as a tool to catch up and sustain development through export growth, human capital development, technological learning, upgrading and innovation, and employment generation (Lin et al 2019).

4.2.2. Policy and Practice of Industrial Park Development in Ethiopia

This section aims to present a review of Ethiopia's industrial park development policy and practices. The first subsection briefly discusses a review of the policy. The second section outlines the actual practices of industrial park development in Ethiopia. After a brief overview of the general practices, a detailed description of selected industrial parks in Ethiopia will be presented to illustrate and provide accurate information on the practices.

4.2.2.1. Industrial Park Development Policy

The First Five Year Plan (FFYP) in the years 198-1962 ushered the attempt to move to industrial growth in Ethiopia (Gebreeyesus, 2013).⁶⁹ Two more five-year plans, Second Five Year Plan (SFYP) and Third Five Year Plan (TFYP) were launched between 1963 and 1973. These policies attracted foreign direct investment and enhanced the country's manufacturing sector, although the country's overall industrial base remained weak (World Bank, 1985). After the military government came to power in 1974, it declared "a socialist economic policy," which had an adverse effect on the manufacturing sector as private and foreign investment was nationalised by the government.

⁶⁹Gebreeyesus, 2013 has an extensive review of the industrial policy and development in Ethiopia. Gebreeyesus, M. 2013. *Industrial Policy and Development in Ethiopia: Evolution and Present Experimentation. UNU-WIDER Working Paper*. Helsinki: UNU-WIDER.

Later, after the EPRDF came to power, a full-fledged Industrial Development Strategy (IDS) was formulated in 2002/03. The IDS was based on the government's broad development vision known as Agricultural Development Led Industrialisation (ADLI), and comprised the following four fundamental principles: (i) strong linkage between industry and agriculture; (ii) export-oriented sectors to lead the industrial development and be given preferential treatment; (iii) labor-intensive sectors also be given priority to exploit comparative advantage and maximise employment; and (iv) public-private partnership. The strategy recognises the private sector as an engine of growth while the government is assuming leadership and coordinating role (IDS, 2002/3).

The strategy identifies two government engagement mechanisms with the private sector: creating a conducive environment and direct support to selected industries. Construction and manufacturing are the two most essential sub-sectors in the industry sector. Light manufacturing activities such as food and beverage, textile, leather, non-metallic, and furniture are categorised under the medium and large scale manufacturing sector. Notwithstanding the remarkable spurt of economic growth that the country achieves for 12 years since 2004/05 and despite the efforts of the GoE to enhance industrial development via formulating policy, strategy, as well as various institutional measures, the contribution of the industrial sector to GDP has remained below 14%. This indicates that there has been limited growth in the industrial sector, suggesting a slow pace of industrialisation and hence structural transformation over the last decade (Lopes, 2019).

Evidence revealed that the critical constraints for industrialisation and transformation in Ethiopia are the lack of capital, foreign exchange, and production and management knowledge. The specific limitations mainly within the manufacturing sector are those related to land acquisition, custom and logistic services, low capacity utilisation, and absence of coordinated effort in the development and provision of infrastructure and public services, and quantity shortages and quality deficiencies of raw materials. Empirical evidence shows that these are typical constraints observed in a country at its early economic development and economic transformation. Thus, the implication is that policymakers attempting to alter the economy's structure need to give due emphasis to addressing these constraints to transform the country's economy (Amoako 2019).

Towards making IPs an adequate institutional arrangement that enhances industrialisation's transformational process, the Ethiopian government has formulated an Industrial Park Proclamation. The Parliament approved it with the House of People's Representative on 9th April 2015 (Proclamation No. 886/2015). One of its key objectives is to regulate the designation, development, and operation of industrial parks that promote and attract productive domestic and foreign direct investment, thereby upgrading industries and generating employment. The proclamation is made by recognising the need to enhance the promotion of export, mitigation of environmental pollution, economical land use, and establishment and expansion of planned urban centers through the placement of industrial parks in strategic locations.

In this regard, the contents of the proclamation are worth investigating briefly.

Ethiopia defines IP as follows:

Industrial Park means an area with a distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfillment of infrastructure and various services such as road, electric power and water and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of environmental pollution and development of urban centers, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board, Proclamation No. 886/2015

From the perspective of the park's function, the above definition shows that all kinds of industrial parks can be developed, including comprehensive, integrated, multiple, or parks with selected functions. The key institutions and actors involved in regulating, developing, and operating the park and enterprises to be placed within the park to do manufacturing activities are clearly defined, and that their rights and obligations are outlined. According to the regulation, park development, operation, and enterprises are equally open to both foreigners and Ethiopian citizens in all park value chain activities, including park development, operation, and enterprises.

IP development involves a plethora of stakeholders. The key ones are the regulator, developer, operator, and enterprises. The proclamation contains the mandates, rights, and obligations of each of these key actors⁷⁰. Table 11 briefly describes the terms, roles, and responsibilities of key institutional actors in Ethiopia's industrial park development.

Table 13: Key IP Institutional Stakeholders and their Roles

Name of Institution	Mandates, Roles, and Responsibilities
Ethiopia Investment Board	Strategic decisions and Approval
Ethiopia Investment Commission	Regulatory and licensing body. It also does Investment/export promotion
Industrial Park Development Corporation	Acts as Developer, operator, leads national IP development master plan, Prepare serviced land bank for private developers, enforce infrastructure provision up to the border
Ministry of Industry	Industry extension
Service Providers (Customs, Banking, EEPKO (Electric Power), Ethio-Telecom, etc.)	Services provision
Competent Authorities	Provide public utility services
Ministry of Environment and Forestry	Regulates environmental impact of IPD

Source: Proclamation No. 886/2015 and Mr. Abdurrahman⁷¹

4.2.2.2. The Practice of Industrial Parks in Ethiopia

i. Overview of Industrial Parks in Ethiopia

After the proclamation was formulated, various industrial parks were developed and are currently operating. These industrial parks are developed and owned by the government, foreign private developers, or jointly. New industrial parks are also planned to be developed by the government within the next few years. The foreign private developers are from China, Turkey, Hong Kong,

⁷⁰ For more detail rights and obligations, see the proclamation.

⁷¹ Interview with Mr. Abdurehman Mohammed, Industrial Parks Development, Ethiopian Investment Commission (EIC). Interviewed on Wed, 17 December 2019 From 11:00 to 12:30 pm at EIC-His Office.

and Taiwan. The Ethiopia Eastern Industrial Park and Bole Lemi Industrial Parks already started operation (Lin et al 2019; Cheru and Zinabu 2019: 119).

The first industrial park in Ethiopia, The Eastern Industrial Park, is located 30 kilometers from Addis Ababa. It was initially formed by two private Chinese steel product makers: Yonggang Group and Qiyuan Group from Zhangjiagang City. Qiyuan initiated the idea of building an industrial zone in Ethiopia. The participation of Yonggang, a much larger conglomerate, guaranteed finance so that it won the second MOFCOM bidding in 2007. Later, two additional Zhangjiagang companies, Jianglian and Yangyang Asset Management, joined the project. Meanwhile, the first project in the zone, the cement plant, began production in 2010. Eleven enterprises with US\$91 million total investment have signed letters of intent to move in. These enterprises cover such industries as construction materials, steel products (plates and pipes), home appliances, garments, leather processing, and automobile assembly (Lin et al 2019).

IPDC, a government-owned developer, developed Bole Lemi industrial park. Its size is 156 hectares and is located 15 kms southeast of Addis Ababa city. It has 25 sheds, and currently 12 tenants from Taiwan, Korea, India, China and Pakistan have operations the production of garments, footwear, and gloves (Lin et al 2019). Table 13 summarises the names of the IP, its developer, location, size, and operational status:

Table 14: Brief Description Of Industrial Parks In Ethiopia

Name of Industrial Park	Adress (Region, Woreda, Sub-city)	Eligible Sector	Size (hectares)	Country of origin/Contract or	Total Number of shades	Type and Number Of Sheds			Status of IP	Remarks
						11000 m ²	5500 m ²	3000 m ²		
Bole Lemi –I	Addis Ababa	Apparel & textile	156	Local contractor	20	10	10		Operational	Fully occupied
Bole Lemi –II	Addis Ababa	Textile & garment	186	China/CGCDC	2 sheds & Serviced land	1	1	-	Under construction	- 107/ha leasable Serviced land available -Sheds occupied
Kilinto	Addis Ababa	Pharmaceutical Hub	337	China/CTCE	Serviced land	-	-	-	Under construction	174/ha leasable Serviced land available
Hawassa Phase-I, Cycle –I	Hawassa	Textile & Garment	300	China/CCECC	37	12	22	3 special sheds (39,680 m ²)	operational	Fully occupied
Hawassa Phase- I, Cycle -II	Hawassa	Textile & Garment			15	5	10	-	operational	Fully occupied
Adama	Adama	Garment, Textile & Machinery,	2000	China/CCECC	19	6	9	4	operational	Fully occupied

Dire-Dawa	Dire-Dawa	Garment, Apparel, and Textile	159	China/CCE CC	15	5	6	4	Ready for inauguration	13 sheds available
Mekelle	Mekelle	Apparel & Textile	1000	China/CCC C	15	5	6	4	operational	3 sheds available
Kombolcha	Kombolcha	Apparel & Textile	700	China/CCE CC	9	2	7	-	operational	Fully occupied
Jimma	Jimma	Apparel & Textile	150	China/CCC C	9	-	4	5	Inaugurated	Fully occupied
Bahir-Dar	Bahir-Dar	Garment & Apparel	75	China/CCE CC	8	-	8	-	Under construction	8 Sheds available
Debre-Birhan	Debre-Berhan	Garment & Apparel			8		8		Inaugurated	4 Sheds available

Source: IPDC, 2019

A brief description of a few industrial parks, including Hawassa, Adama, Kombolcha, Jima, and Kilinto, is presented.

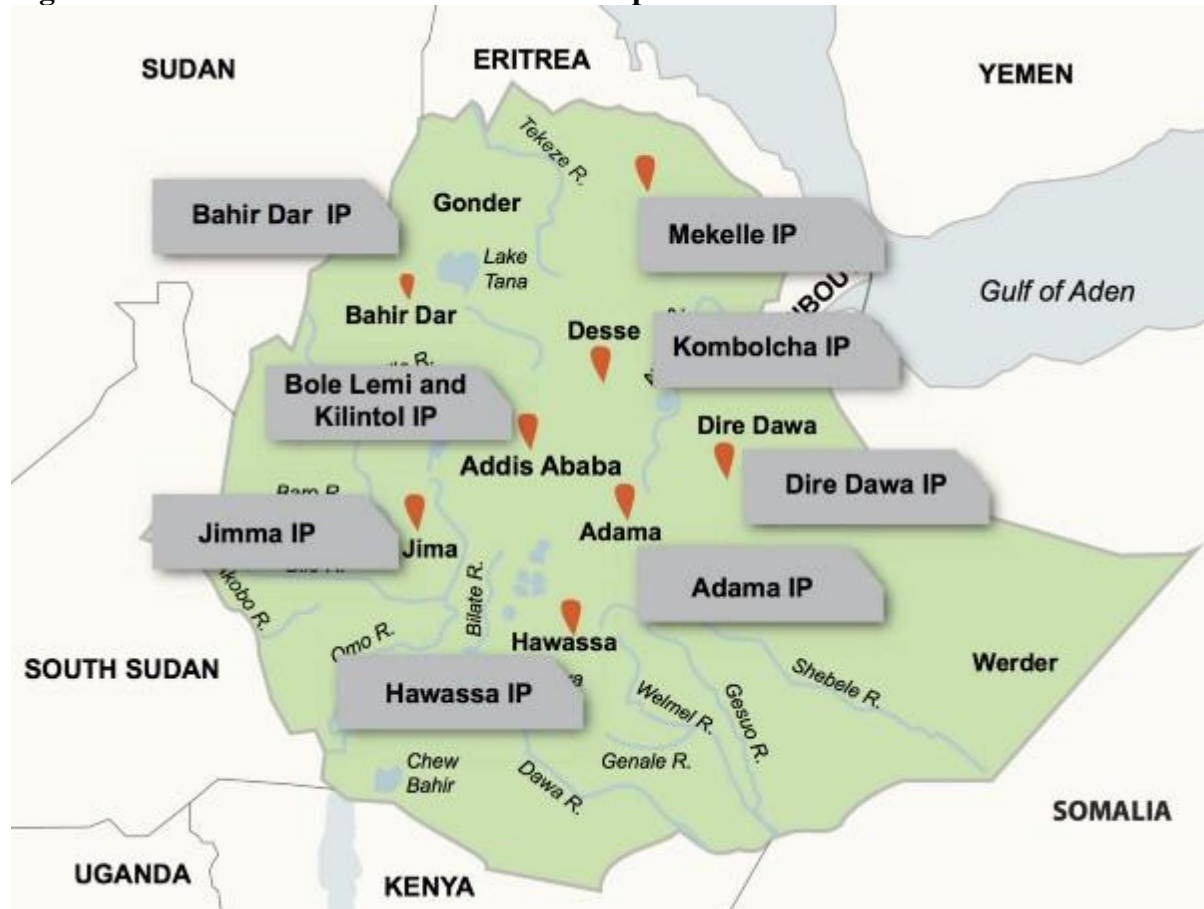
ii. Hawassa Industrial Park and its Economic Benefits

The Hawassa Industrial Park is located in Hawassa, Ethiopia, about 250 km south of Addis Ababa. It is in the previous capital city of the Southern Nations, Nationalities and Peoples (SNNP) regional state and the Current Sidama regional state. The Park was completed in July 2016 with support from China, and it has its own renewable electricity source. The Hawassa Industrial Park (HIP) is a flagship industrial park with fifty-two sheds dedicated solely to the textile and apparel export industry. It is expected to employ 60 000 people at full capacity and be able to generate export revenue amounting to 1 billion U.S. dollars (Staritz and Lindsay 2019: 708-719).

Furthermore, HIP also consists of providing all government services one-stop-shop service center and employs Zero Liquid Discharge (ZLD) that enables to recycle 90 percent of sewerage disposal water and fulfills international standards. HIP observes the zero-emission standard having 90 % of the water being recycled. Accordingly, the park is Africa's foremost textile and clothing facility that features sustainable development (Assefa 2017: 64-65).

In 2017, nineteen leading global apparel and textile companies from America, China, India, Sri Lanka as well as six local manufacturers, were operating within the park. It is expected to be globally competitive in large segments of light manufacturing, such as apparel, leather products, and agribusiness and, if successful, could create millions of employment opportunities in the process by leveraging its labour cost advantage, that is, low wages combined with high labour productivity in good-practice firms, and comparative advantage in the natural resource industries, such as agriculture, livestock, and forestry (Lin et al, 2019, Cheru and Zinabu 2019: 116). See figure 48 below on industrial park locations in Ethiopia.

Figure 48: Industrial Park Locations in Ethiopia



Source : Industrial Parks Development Corporation (IPDC), 2019

iii. Kombolcha Industrial Park

The park is lying on 75 hectares of land in the north-central part of the country. This industrial park has a significant economic contribution to Kombolcha town and its vicinity (Lin et al 2019). The industrial park was inaugurated by Prime Minister Hailemariam Desalegn and cost around \$90 million.

The Park has attracted companies from China, the US, South Korea, and Italy. The park will be part of Ethiopia's efforts to have a manufacturing development belt along rail lines connecting it to neighboring Djibouti port. The park is expected to create job opportunities for over 20000

individuals and contribute to export promotion as Kombolcha city is near Djibouti's port (Staritz and Lindsay,2019: 708-719).

iv. Adama Industrial Park

Adama Industrial Park is located around 100km East of Addis Ababa along the Djibouti railway and road. The city is connected to Addis Ababa by an expressway (toll road). The planned railway Hawassa – Mojo – Addis will also stop through Adama. Ethiopian Prime Minister Dr Abiy Ahmed inaugurated Adama Industrial Park on October 7, 2018. The construction of the first phase of the USD 140 million projects was completed recently. Covering 365.5 hectares of land when fully completed, the first phase has 19 manufacturing sheds built on 102 hectares of land. The first 19 factory sheds of the Adama Industrial Park were constructed at the cost of ETB 4.1 billion. When it is completed, it is expected to create jobs for 25 000 people and generate USD 38 million annually from the exports of garments and apparel (Staritz and Lindsay 2019: 708-719).

Companies like Antex Textile and Charter Venture Apparel have already acquired manufacturing space. Adama also expects another industrial park to be built by two Chinese companies and another one for heavy-duty truck assembly to be completed soon. Ethiopia is betting on industrial parks to spearhead industrialisation and promote exports (Lin et al 2019).

v. Jima Industrial Park

Jima Industrial Park is located in Jima town, about 250km from Addis Ababa, Southwest of Ethiopia. The park's contractor is CCCC from China. It is inaugurated and fully occupied and has a total size of 150 hectares, of which 75 have been inaugurated. The park has 4 sheds with a size of 5 500m² and 4 sheds of 3 000m². The park is also designed to have a zero liquid discharge (Staritz and Lindsay 2019: 708-719).

vi. Kilinto Industrial Park (KIP)

Kilinto Industrial Park is located in the South of Addis Ababa, which is nearly 6km, and the distance to Djibouti port is 863 km. The government is developing Kilinto which is placed on 279 hectares. Kilinto will be a mixed-use park and the number one destination for manufacturers in agro-processing, pharmaceuticals, electric and electronics products, wood, and furniture, both for export and to serve local consumers. Kilinto will be developed in 2 phases in collaboration with the World Bank Group, with stage 1 on 153 hectares. It is expected to be a hub for Pharmaceuticals. Various companies from different countries showed interest, and from these, seven have signed MOU with EIC and five have secured investment licenses. The average rate is 3.59 USD per m² per annum for 40 years (the lease period) (Staritz and Lindsay 2019: 708-719).

In addition to these industrial parks, the Ethiopian government built other industrial parks such as Bole Lemi IP - I and II, Dire-Dawa IP, Mekelle IP, Bahir-Dar IP, and Debre-Birhan IP to attract foreign investment, promote industrialisation and improve the business environment.

4.2.3. Opportunities

Ethiopia has immense potential that creates favourable opportunities for industrial park development. The following are the major opportunities for investment in Ethiopia: First, Diverse Agro-ecological conditions: as the country is large with a diverse topography, it produces cereals, pulses, oilseeds, fruits, and vegetables, among others. The country is among the world's largest coffee producers and the 3rd largest producer of Arabica beans in the world. It is also among the top cut-flower exporters from Africa to the EU and other countries (Gebreyesus 2019).

Second, the country's diverse agro-ecological conditions present a good investment opportunity. It's cheap and abundant labour resources manifest this, as well as the availability of an easily trainable, skilled workforce, lower energy price per unit, political stability, rich raw material resources such as livestock, diversified agro-ecological zones suitable for growing different kinds

of industrial crops such as cotton; and a variety of tourism products including wildlife, historical, cultural, water lakes, mountains, and so forth.⁷²

Third, aside from its domestic market potential, Ethiopia's geographical location is very strategic for international marketing. It can be a vital place for park enterprises that target Africa, Europe, and Asia. These endowment factors can make Ethiopia an attractive place for IP investment, especially in the light manufacturing sectors (Staritz and Lindsay, 2019: 709).

Fourth, Ethiopia's development strategy is an opportunity for investment in Ethiopia. Its industrial development strategies are centered on agricultural-based, manufacturing that is sector-driven, and export-led development. The GTP pursued the growth through the export-driven industrialisation strategy focusing on labor and capital Intensive manufacturing industries, export-oriented and import-substituting industries, contribute to rapid technology and know-how transfer, have broad linkages with the rest of the economy, and use agricultural products as inputs (agro-processing). In line with its endowment structure, Ethiopia has given due attention to the manufacturing industries, including agro-processing industries, textile and clothing, food and beverage industries, tannery and leather goods, pharmaceutical industries, chemicals and chemical products industries, paper and paper products, plastic industries, building materials, glass and glass products, metal and metal engineering, to mention a few (Lin et al 2019).

Fifth, Ethiopia formulated a clear Industrial Park (IP) development proclamation: The IP Proclamation stipulated the rights and obligations of IP developers and enterprises; requirements for work permits and residence; guarantees and protections from the Ethiopian government; and regulation on land access and environmental protection. The proclamation allowed IP developers to sublease land to other enterprises and issue them a sublease land certificate on behalf of the government (Gebreyesus 2019).

Sixth, Ethiopia offers a comprehensive set of fiscal and non-fiscal incentives to encourage investment into priority areas, including (i) customs duty exemptions of up to 100% on imports of

⁷² Interview with Dr. Alebel Bayru, Senior Researcher, FDRE Policy Studies Institute (PSI). Interviewed on Tuesday, 16 January 2020 From 2:00 to 4:00 pm at EIC-His Office.

capital goods for eligible areas of investment; (ii) depending on the nature of investment and location in the country, the government provided tax exemptions ranging between one and nine years; (iii) loss carried forward for a business that suffers losses during the income tax exemption period for half of the tax exemption period; (iv) except for a few products, no export tax is levied on Ethiopian export products; (v) Duty Drawback Scheme, Voucher Scheme, and Bonded Factory and Manufacturing Warehouse Schemes; (vi) various non-fiscal incentives for exporters and (vii) guaranteed remittance of capital for foreign investors (Gebreyesus 2019, Staritz and Lindsay 2019: 716-19).

Seventh, Ethiopia is one of the fastest-growing economies in Africa. It has achieved an average of about 11% annual GDP growth for the last 14 years, making the country one of the world's fastest-growing economies. In this context, the country received recognition from UNCTAD for promoting investment in the Sustainable Development Goals (SDGs). The World Bank also recognised the country through its "Star Reformer Award" for investment policy reform and promotion. It has a stable and conducive macroeconomic environment. The country also ranked 57th on the favourable macro environment, which is higher than its regional peers Kenya, Rwanda, and South Africa (World Economic Forum, Global Competitiveness Report, 2017-2018).

Eighth, Young and trainable labor force: Ethiopia is not only the second-most populous country in Africa, but 60% of its population is also under working age. Ethiopia's labor law, which regulates worker-employer relations, is in line with international conventions (Staritz and Lindsay 2019: 716-19, Gebreyesus 2019)

Ninth, Wide market: the country's over 110 million people, a growing middle class and as a member of Common Market for Eastern and Southern Africa (COMESA) comprising 19-member countries and over 400 million people, the seat of the African Union (AU), UNECA, UNDP Regional Office for Africa and owner of the best airlines in Africa, Ethiopia has ample opportunities for investors (Staritz and Lindsay 2019, Gebreyesus 2019).

Ethiopian Airlines offers flights to 101 international passenger destinations (57 in Africa, 20 in Europe and America and 23 in the Middle East and Asia), 22 domestic passenger destinations, and

35 cargo destinations (21 in Africa, 11 in the Gulf, Middle East, and Asia, and 3 in Europe). It carries two-thirds of Africa's air freight (Selamta-The In-flight Magazine of Ethiopian Airlines, 2017). Besides, Ethiopian products have duty-free, quota-free access to a wide market including a large domestic market, COMESA, African Growth, and Opportunities Act (AGOA) and Generalized System of Preference (GSP) of the United States Government initiatives, and Everything But Arms (EBA) of the European Union (Staritz and Lindsay 2019, Gebreyesus 2019).

Tenth, Ethiopia is a country with access to improved economic infrastructure, a key element to be competitive in the international market. In Ethiopia, power generation has been increasing dramatically in the past ten years and the country the cheapest electricity rate in Africa and the world (Cheru and Zinabu 2019: 127-8). The country's telecommunication service is expanding and improving. The road and rail network is rapidly growing towards connecting national and regional markets. For instance, the newly built Addis-Djibouti electric-powered railway makes the country easy put let to the port of Djibouti as an African Airline Ethiopian Airlines flies to more than 50 destinations in Africa alone and 90 international destinations (Ali 2019).

4.2.4. Challenges

Even though Ethiopia has immense potential that creates significant industrial development opportunities, potential problems are facing Ethiopia's IP development. Among these, the following are the significant challenges that hinder the growth of the industrial park and its ability to meet its objectives in enhancing structural transformation in Ethiopia:

Regulation related challenges: Local autonomy given to Special Economic Zones (SEZs) as the Chinese experience indicates is pertinent for industrial parks. However, the lack of local autonomy is the main obstacle facing IPs in Ethiopia. First, Ethiopia might need to develop its legal framework further, as it currently has only one IP law, the 2015 Industrial Park Proclamation. The 2015 Proclamation only specifies IP-related issues at the national level, while individual parks do not have the autonomy to stipulate their laws based on their specific local context. One of the biggest obstacles facing Ethiopia's industrial parks is the lack of local autonomy. For instance, Ethiopia's HIP failed to learn IP operation experiences from Kunshan, Suzhou, partially because

their local IP authority did not have the power to put the lessons learned into practice, even if they had suggestions on how to do so based on the Chinese operation team's onsite experience transfer.⁷³

In this regard, the lesson from Chinese SEZs is worth mentioning. China's SEZ legal framework is a complex architecture weaving together central and local government's laws. At the national level, China has land, labour, and enterprise regulation laws, among others. On the local level, each SEZ has its own laws. For example, the Shenzhen Special Economic Zone, China's most successful SEZ, was given much autonomy in making its own laws and investment incentive policies. The high degree of autonomy has helped Shenzhen find the best policies and regulations suitable for its own development. Ethiopia may also benefit from granting more autonomy to local IP administrators based on Shenzhen's successful experiences (Lin et al 2019).

Second, Ethiopia has also not developed an institutional structure to acquire and adapt to foreign experiences. The knowledge transfer failure between China's KETD and Ethiopia's HIP after-care operation team is a concrete example of what happens when the HIP has not established a systematic institution to learn and adapt to foreign experiences.⁷⁴ The lesson from Chinese SEZs is worth a mention here. When China's Suzhou Industrial Park (SIP) was established in 1994, acquiring and adapting Singapore's IP development experiences were defined as a strategic goal under the Singapore-Suzhou "Agreement on the Use of Singapore's Economic and Public Management Experience". The Suzhou government was granted the autonomy to establish a China-Singapore Joint Steering Council, a Bilateral Working group, and a SIP Office to focus on adapting Singapore's experiences. These institutions allowed China to put its policy learning plans into action. SIP's institutional framework for learning lessons may shed light on how Ethiopia can better apply foreign experiences to its own local context (Oqubay 2019b, Lin et al 2019).

⁷³ Interview with Ahmed Belay, Representative of Ethiopian Investment Commission (EIC), Industrial Parks Development at Eastern Industrial Zone, Dukem City, 19 February 2020 From 4: 00 to 5: 30 PM at Eastern Industrial Zone in Dukem.

⁷⁴ Interview with Dr. Alebel Bayru, Senior Researcher, FDRE Policy Studies Institute (PSI). Interviewed on Tuesday, 16 January 2020 From 2:00 to 4:00 pm at EIC-His Office.

Third, the other regulatory issue is related to IPDC: as a developer and operator. The IPDC should not have a “regulatory” role. Its business model should be market-oriented, like any other private developer or operator. However, the current proclamation provides for the IPDC as a regulator and simultaneously as a developer and/or operator. It serves as a land bank for IPD in Ethiopia, which may induce inefficiency as well as conflict of interest. Fourth: Foreign exchange shortages due to weak export performance and high demand for foreign currency present significant market challenges for Ethiopia. Therefore, all payments abroad require permits, and all transactions in foreign exchange must be carried out through authorized dealers supervised by the National Bank of Ethiopia (NBE). Foreign investors cannot repatriate all of their profits abroad. Private sector actors in industrial parks widely complain about foreign exchange shortages and point out their businesses’ adverse implications (Birru 2019).

Inadequate service provision from local public utilities: one of the critical challenges is related to service provision by a public utility. The IPD aims to increase firm competitiveness by facilitating service and infrastructure provision to park enterprises. Ethiopia’s local public offices usually provide water, power, wastewater treatment, solid waste disposal, custom, telecommunication, the internet, etc.⁷⁵ However, the provision of these aforementioned services is deficient. This is mainly because of a lack of motivation and rent-seeking behaviours from local staff, lack of capacity, as well as a slow decision-making process. There is also a problem associated with tax, including unclear tax standards, poor tax collection, and local staff corruption. This creates inefficiency for park enterprises and jeopardises their competitiveness.⁷⁶

⁷⁵ Interview with Engineer Kifle Alemayehu, Senior Consultant on Roads, Industrial Parks and Building, Interviewed on Wednesday, 22 January 2020, from 10:30am to 11:00 am.

⁷⁶ Interview with Abdurehman Mohammed, Industrial Parks Development, Ethiopian Investment Commission (EIC). Interviewed on Wednesday, 17 December 2019 From 11:00 to 12:30 pm at EIC-His Office.

Problems related to tax administration: based on the discussion with the enterprises at industrial parks in Ethiopia, the taxation problem is the most severe problem reported. The issues related to tax administration include: (i) unclear tax regulation. The existing tax law lacks operability and provides excessive discretionary power to individual officials in the tax law enforcement offices. In this case, one of the biggest problems is the existing law can be interpreted in different ways and this often leads to disagreement; (ii) the tax law also requires companies to pay the tax for the period before it is enacted, which is against an international practice; (iii) the other problem is related to the absence of lack of transparent and reasonable auditing system from the tax auditor; and (iv) lack of independence from the Tax Review Committee, which is affiliated to the tax authority (Staritz and Lindsay 2019: 716-19, Gebreyesus 2019). This makes it impossible to provide an independent review of objections filed by the companies.

Shortage of finance source: concerning private park developer, for most private industrial park developers, including EIP, limited sources of financing are one of the greatest challenges for running the park sustainably. Take EIP as an example; since its fixed assets are in Ethiopia, it is difficult for the Qiyuan Group to get bank loans through asset-backed mortgages. Thus, the current liability ratio of the EIP is less than 10 percent. In recent years, there have been some changes in the Chinese government's policy support - the subsidies of ¥300 million from the Ministry of Commerce and the Ministry of Finance of China have been called off (Lin et al 2019).

Reduced efficiency in logistics: Longer lead times and higher logistics costs could erode the cost advantage from abundant, low-cost labour found in Ethiopia. The challenge of timely connection to ports, undeveloped financial system, long shipping times and cost, high transport cost, inefficient port operation, and customs are significant logistics constraints.⁷⁷

⁷⁷ Interview with Dr. Alebel Bayru, Senior Researcher, FDRE Policy Studies Institute (PSI). Interviewed on Tuesday, 16 January 2020 From 2:00 to 4:00 pm at EIC-His Office.

Challenges related to labour relations: According to firms interviewed in some industrial parks⁷⁸, local workers demonstrate a lack of faith, loyalty, efficiency, and diligence. Labour contracts can regulate the behavior of employers while workers easily breach the agreements without any costs. This also increases labour poaching, which is a problem of firms in the same industrial park taking each other's key workers. In this case, the discussion with the park enterprises indicated that “Workers’ rights and interests are over emphasised by trade unions and the difficulty in obtaining residential permit’ (Staritz and Lindsay 2019: 716-19).

Skilled and qualified workforce to be fostered: Shortage of local skilled labour for management and technical roles is a more significant challenge. This is mainly because of the country’s lack of industrial culture, as more than 80% of the population is in the agriculture sector. Extended collaboration between the Industrial zones and the vocational schools in the regions is critical for increasing labour productivity and sourcing of qualified personnel from the regions (Gebreyesus 2019).

Lack of capacity in domestic firms to supply quality and sufficient inputs: One of the critical advantages of IP is enhancing industrial linkages and spillovers, which requires promoting domestic participation to integrate with the global value chain. The challenge is a lack of local firms’ capacity to enter sourcing networks and build supply linkages. Domestic firms’ key challenges include lack of skill, lack of access to working and investment capital, absence of a well-designed programme that aims to enhance the linkage between park enterprises and domestic firms, etc. (Staritz and Lindsay 2019: 716-19).

4.2.5. Impact on the Economy

The lessons from successful countries, including China, show that industrial parks have been and are principal policy instruments in enhancing economic transformation. They benefit the host country by attracting investment, promoting technological learning, upgrading and innovation, and generating employment. Such benefits of IPs arise from their crucial role in effectively overcoming

⁷⁸ Interview were conducted with Eastern Industrial Zone Workers, Adama Industrial Park and Hujian Park in Lebu.

the fundamental constraints that hinder industrialisation. Accordingly, Ethiopia considers Industrial Park Development (IPD) as one of the primary policy tools for industrialisation. In this regard, the country has taken necessary measures, including the formulation of IP Proclamation and establishing regulatory and implementing organs such as the Investment Board, Ethiopian Investment Commission, and Industrial Park Development Corporation (Oqubay 2019b).

The government's policy measures to use industrial park development as an instrument for industrialisation has started to give fruit. Before the policy measure, the Eastern Industrial Zone Industrial Park located in Dukem a few kilometers from Addis Ababa, was the only industrial park in the country. This has been changed substantially, and currently there are more than five industrial parks operating within a few years of the policy measure. Following the flourishing of industrial parks, many enterprises are now working in the parks. In this regard, the Chinese companies' contribution both in the design, construction, and use of the parks is substantial. For instance, the Zone-Eastern Industrial Zone in Ethiopia plays an active role in the investment promotion of Chinese enterprises to Ethiopia (Lin et al 2019).

As a result, a growing array of Chinese companies engaged in several development projects in Ethiopia. Road, railways, industrial parks, and telecommunications are among the significant projects that the Chinese companies are involved in. Besides, Chinese investment in Ethiopia is developing rapidly, and includes an industrial park, manufacturing, and assembly of mechanical and electrical products, building materials, energy, mining, agriculture, and other fields. Chinese investors from a host of sectors are being drawn to invest in Ethiopia over time (Oqubay 2015).

In 2018 alone, Ethiopia attracted companies with projects worth 14.5 Billion Birr. Chinese companies lead in terms of capital and manufacturing industry engagement, followed by India and Turkey. In 2019, 121 investment projects were operational, of which 45 were Chinese with a capital value of more than 3 billion Birr (Cheru and Zinabu 2019: 119).

The effective implementation of industrial parks as a policy instrument for industrialisation in Ethiopia, therefore, is expected to substantially contribute to the overall transformation of the

Ethiopian economy's structure. Ethiopia aims to use IP development as a tool to catch-up and sustain development through export growth, human capital development, technological learning, upgrading and innovation, and employment generation. This outcome can be measured in terms of the sectoral composition of the economy. The share of the manufacturing output and value-added in the industrial and overall economies accounts for a higher proportion (by ownership type: foreign and domestic enterprises). The manufacturing sector should also account for a higher share of the total employment within the next few decades (Gebreyesus 2019).

Moreover, IP should also contribute to the realisation of an economy with a higher and sustainable competitive capacity in the different sectors in the international global value chain. While these are the least to mention, the process requires innovative ways of implementing industrial park development in developing and managing parks, type of park to be designed, selecting types of enterprises (sectorial wise) to be placed within the park, attracting FDI, creating linkages between the park economy and the rest of domestic economy as well as the transformation and upgrading of the park at the "right" time (Lin et al 2019).

4.2. The Leather Industry

4.3.1. The Leather Industry in Ethiopia

Ethiopia is endowed with diversified livestock species - about 25 breeds or types of cattle, 13 types of sheep, 15 types of goats, four types of camels, four types of donkeys, two types of horses, two types of mules, and six types of poultry, as well as five races of honey bees and more than 190 types of fish. The country is believed to have the largest livestock population in Africa. It is estimated to be about 59.9 million cattle, 30.20 million goats, 30.70 million sheep, 2.16 million horses, 8.44 million donkeys, 0.41 million mules, and 1.21 million camels (Grumiller and Werner 2019; CSA,2017). The country has the most extensive stock of donkeys in the world. Furthermore, the stock of goats and horses are both the eighth most significant, and that of mules, camels, and sheep ranked fourth, seventh, and ninth, respectively (Bachewe and Fanaye 2019). The leather and leather products industry has been central in the government's efforts to promote export-oriented industry (Oqubay 2019a). (See figure 49):

Figure 49: Livestock, Raw Hides and Skin Potential of Ethiopia



Ethiopia Ranks 7th in the Global Livestock Population; & According CSA Livestock Survey in 2016/2017:

- Cattle: 59,486,667
- Sheep: 30,697,942
- Goat: 30,200,226



Ethiopia ranks 90 in the global Raw Hide and Skin with the kill rate of:

- Cattle: 7%
- Sheep: 33%
- Goat: 33%

Thus, every year Ethiopia typically produces:

- 4 mil of salted hide = 110mil sq. ft
- 20 million pcs of skins = 80 mil sq. ft

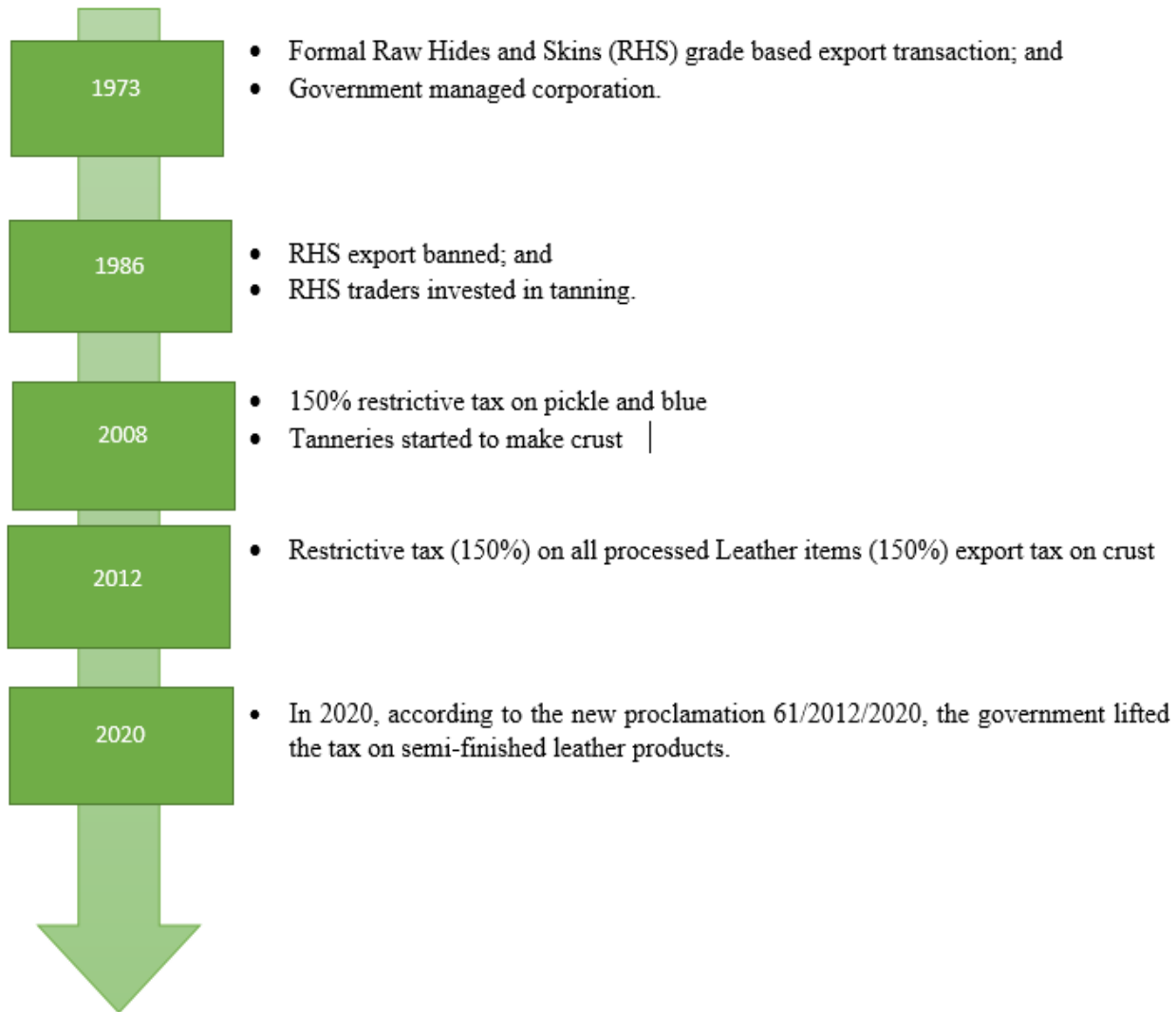
Source: CSA, 2016/2017, and EIC, 2018.

The emergence of the modern leather industry in Ethiopia dates back to 1918, with the establishment of the then ASCO (currently Addis Tannery). In 1927, the Darmar shoe factory (now Anbesa Shoe Factory) was established, and the first tannery (Asco) was established in 1925. Between 1954 and 1976, the Dire, Mojo, and Combolach tanneries were built. Almost all the firms in this sector were initially owned by foreigners, especially Armenians (Oqubay 2015; Darge 1995).

The introduction of a modern system of the improvement of hides and skins in an organised form could be looked at in six different stages of development: i) the establishment of the Livestock and Meat Board in 1964; ii) the establishment of the Second Livestock Development Project (SLDP) in 1973 for the improvement of livestock marketing infrastructure and quality of hides and skins. The government tried to have a broader outlook of the hides and skins industry of the country, and detailed work was done (Girma 2002); iii) In 1986, the government introduced Raw Hides and Skins (RHS) export was banned, and RHS traders invested in tanning; iv) 150% restrictive tax on 'pickle and blue' semi processed leather in order to encourage value addition within the country. In this regard, tanneries started to make a crust; v) the government also introduced restrictive tax (150%) on all processed leather items (150% export tax on the crust); and vi) In 2020, according to the new proclamation 61/2012/2020, the government lifted the tax on semi-finished leather products. A series

of comprehensive hides and skins development programmes and projects were also systematically prepared and launched (Terefe, 2015). These reforms (see figure 50 below) aim to discourage non-value-add activities and promote raw hides and skins' value additions.

Figure 50: Diverse Policy Reforms on the Leather Sector in Ethiopia aimed to Promote Value Addition



Source: Analysed by the researcher from diverse sources

The leather industry is identified as one of the potential sectors to play a crucial role in achieving long-run policy objectives. The industry is also capable of transforming the nation's development by attracting FDI, creating employment opportunities, and securing hard currency for the country. The Ethiopian prioritises developing the leather sector and creating a conducive business environment for

the private sector as indicated in the five-year development strategy – GTP II and recently introduced-homegrown Economic Reform Agenda (2019)⁷⁹.

The government also developed a vision and strategic direction in the leather sector. According to Vision 2025 for the Leather Sector:

Ethiopia would be Africa’s largest manufacturing hub for leather products, mostly using high-quality raw hides and skin and leather produced in the country. This would be achieved by quality FDI and domestic investors, resulting in export earnings, decent factory job opportunities for youth and women, and income opportunities for farmers and traders. Ethiopia would achieve this with a high standard of environmental and social compliance (EIC 2018).

It also established the Leather Industry Development Institute (LIDI) in 2004 to foster the leather and leather products (LLP) industry development. LIDI is an independent federal government institution with the principal mandate of formulating policies, strategies, and programmes to develop the leather sector by enhancing the development and transfer of technology and to serve as a one-stop-shop for potential investors.⁸⁰ According to Oqubay (2015), LIDI is equipped with modern technological facilities such as treatment plants, laboratories, computer-aided manufacturing software, and training facilities accessible to investors in the leather industry. It aims to accelerate the sector’s expansion by promoting domestic and foreign investment, providing investors with production and marketing technologies complemented by support services. It has formed partnerships with the central leather research institute in India to support the sector, focusing on small and medium enterprises and stakeholders located in rural areas.

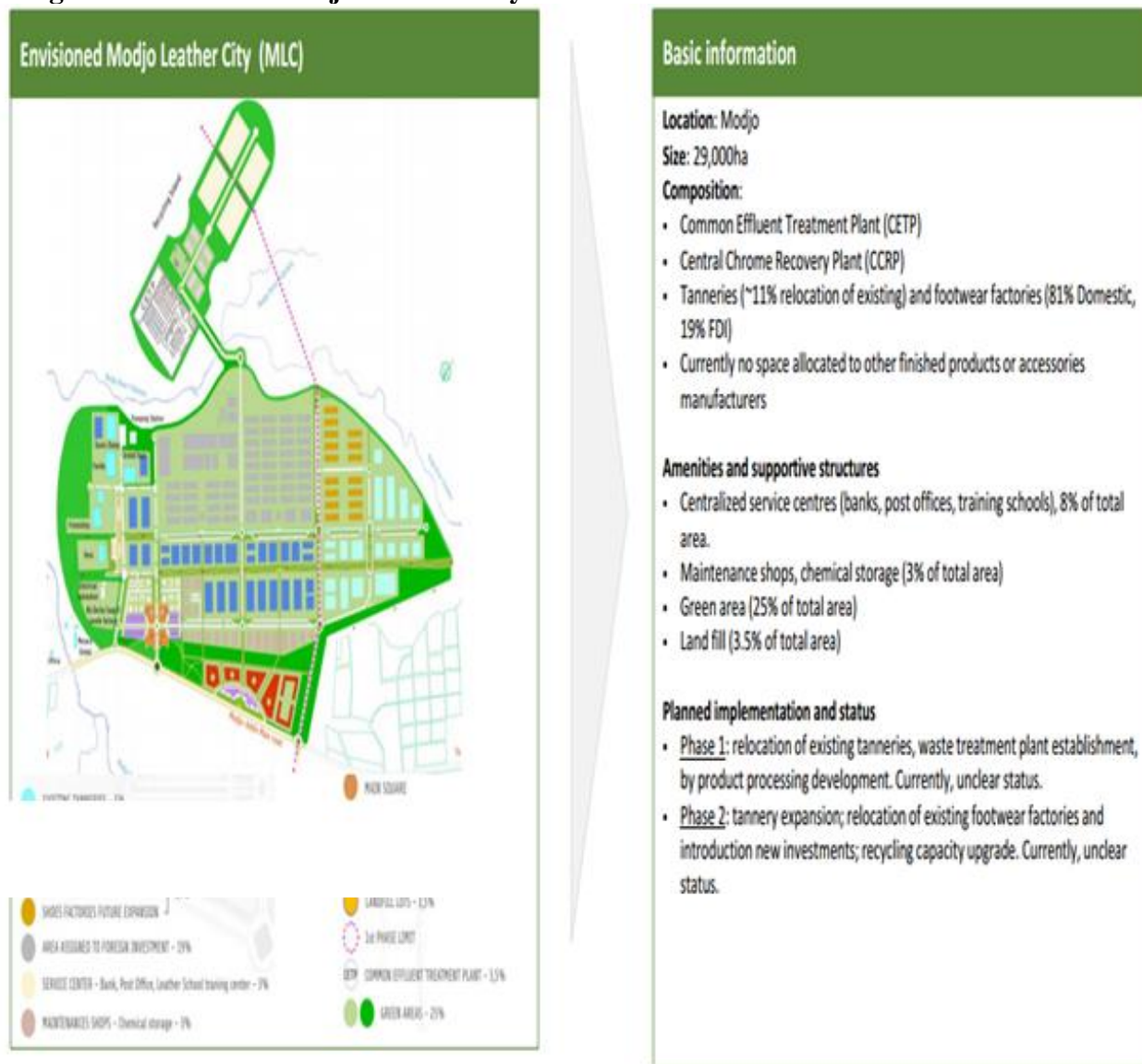
There are currently industrial parks dedicated wholly to leather production. However, the planned Modjo Leather City (see figure 50 below) aims to upgrade leather processing by reducing the massive

⁷⁹ Interview with Mr. Temesgen Tilahun, Deputy Commissioner, Ethiopian Investment Commission (EIC). Interviewed on Wednesday, 17 December 2019 From 9:00 to 11:00 Am at EIC-His Office.

⁸⁰ Interview with Mr. Hailekiros Debsay, Dep/Director General, Leather Industry Development Institute (LIDI). Interview on Wednesday, 13 February 2020 from 1 to 2 pm at LIDI-His office.

pollution footprint and requiring environmentally friendly processing. Modjo is a city in the Oromia region 77.4 km away from Addis Ababa, where many tanneries are found.

Figure 51: Planned Modjo Leather City



Source: EIC, 2018.

Furthermore, two FDI based companies, namely Huajian and George Shoe, are constructing their leather industrial parks (see figure 51 below) dedicated wholly to the production of leather and leather products.

Figure 52: Leather Industrial Parks Under Construction by Huajian and George Shoe

Ethiopia-China (Guandong) Huajian International Light Industry City	George Shoe Industrial Park
<p>Location: Addis Ababa Lebu-Lafto area (southwest), 10km distance from airport Size: 137.8 ha</p> <p>Total investment (USD): USD 1 billion (current expenditure ~USD 72 million)</p> <p>Expected job creation: 30,000-50,000</p> <p>Expected date of completion: End of 2020</p> <p>Expected export Earnings: USD 2 billion</p> <p>Composition:</p> <ul style="list-style-type: none"> ▪ Factory sheds for manufacturing of leather and leather products <p>Amenities and supportive structures</p> <ul style="list-style-type: none"> ▪ Staff apartments ▪ Hospital ▪ Sewage treatment plan ▪ Industrial electricity substation ▪ Part service center ▪ Common water plant ▪ Hotel <p>Planned implementation and status</p> <ul style="list-style-type: none"> ▪ <u>Phase 1:</u> relocation of existing tanneries, waste treatment plant establishment, by-product processing development. ▪ <u>Phase 2:</u> tannery expansion; relocation of existing footwear factories and introduction new investments; recycling capacity upgrade. 	<p>Location: Modjo, Oromia Regional State</p> <p>Total investment (USD): USD 100 billion within the first five years</p> <p>Expected job creation: 20,000 (in the first five years)</p> <p>Expected date of completion: Unknown</p> <p>Expected export earnings: USD 200 million in the first seven years</p> <p>Composition:</p> <ul style="list-style-type: none"> ▪ Factory sheds for manufacturing of leather and leather products <p>Amenities and supportive structures</p> <ul style="list-style-type: none"> ▪ Staff apartments ▪ Hospital ▪ Sewage treatment plan ▪ Industrial electricity substation ▪ Part service center ▪ Common water plant ▪ Hotel

Source: EIC, 2018.

4.3.2. Impact on the Economy

The leather industry is segmented into two subsectors. The first is the production of finished leather from raw hides and skins (tanneries). The second sector is the production of leather footwear and other leather goods such as garments, bags, gloves, belts, and accessories. In relation to production capacity and technology, firms in Ethiopia can be classified into four groups. The first group of firms is FDI-based firms such as the Chinese Huajian, George Shoe, Petrards, New Wing, Ara,

Ottokesller, and LYU. These companies are solely for export, and they have the necessary technology, capital/finance, machinery, facilities, and other resources.⁸¹

The second types are big local firms with a capital of 20 million Ethiopian birr and above, such as Anbesa Shoe manufacturing, Ramse, Peacock/ Dire, TikurAbay, Eliko, Kangaro, and Addis Ababa Koda. They produce shoes and other leather products. The big local firms have the required technology, machinery, and human resources. The third type is individual firms which are not well resourced with machinery, technology, capital, and human resources.⁸²The fourth is small and medium enterprises (SMEs), which are further divided into two categories. These are micro SMEs, with a capital of 100,000 Ethiopian birr and less; and medium manufacturers, which have a capital of 1.5 million Ethiopian birr. Both SMEs lack the resources in machinery, technology, capital, and human resources.⁸³

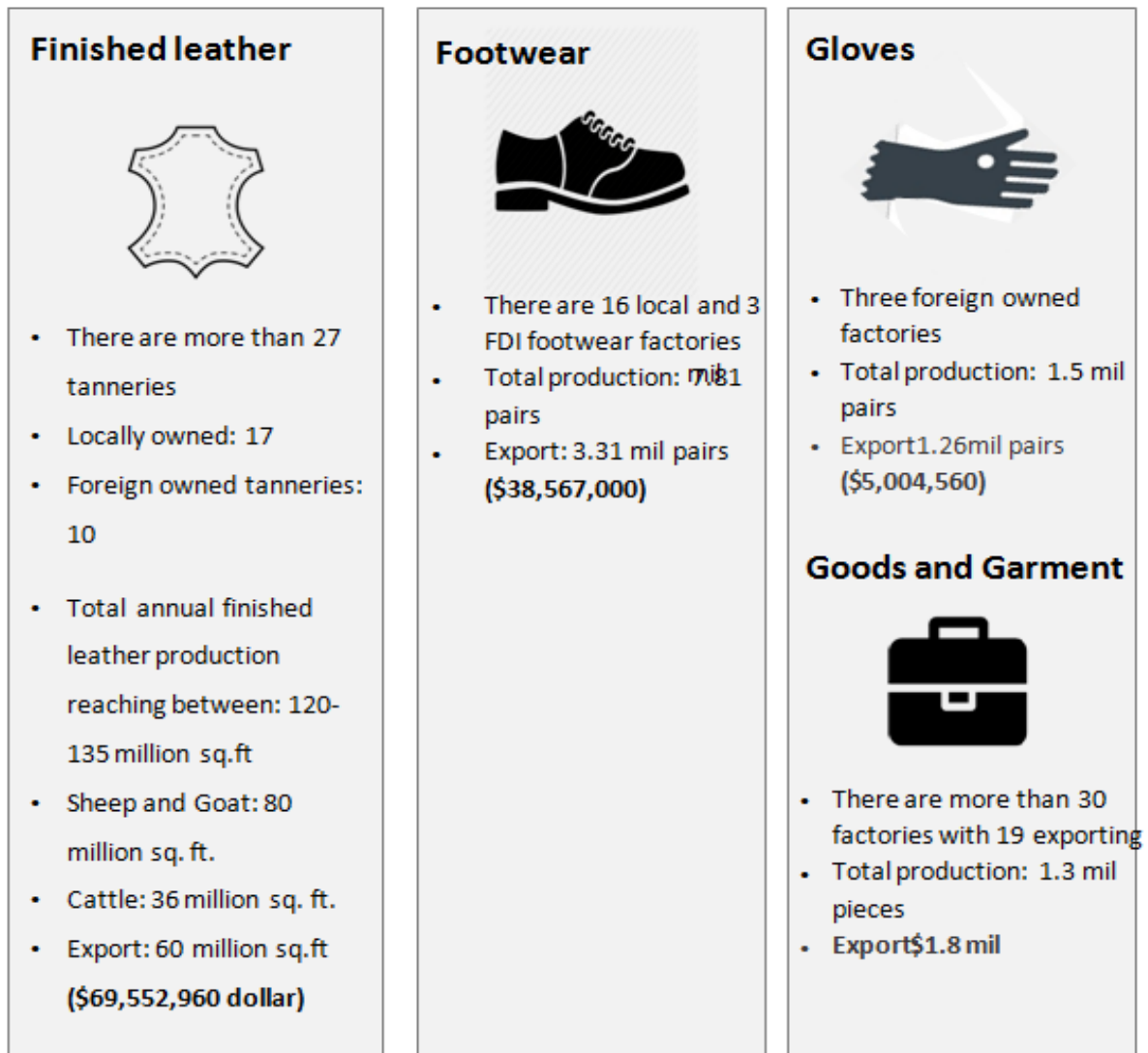
The first types of the leather industry are tanneries as indicated above. There are around 27 tanneries in Ethiopia engaged in producing all forms of hides and skins and finished leather to supply the domestic and export markets. These tanneries have an average daily processing capacity of 107 850 pieces of sheepskin, 51 550 pieces of goatskin, and 9 800 hides. The annual size is estimated to be 48 million (32.4 million sheep and 15.5 million goats), skins, and 2.9 million hides. The capacity to process hides and skins greatly exceeds domestic supply, particularly raw sheep and goat skins (USAID 2013). See figure 53 below on companies engaged in leather, footwear, and gloves production.

⁸¹Interview with Mr. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interview on Wednesday, 13 February 2020 From 9:00 to 10:30 Am at MoI-His Office.

⁸²Interview with Mr. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interviewed on Wednesday, 13 February 2020 From 9:00 to 10:30 Am at MoI-His Office.

⁸³Interview with Mr. Elias Negesh, Leather Product Director Directorate, Ethiopian Small and Medium Manufacturing Industry Promotion Authority (ESMMIPA). Interviewed on Monday, 11 February 2020 From 9:00 to 10:30 Am at ESMMIPA-His Office.

Figure 53: Companies Engaged in Leather, Footwear and Gloves Production



Source: CSA, 2016, and EIC, 2018.

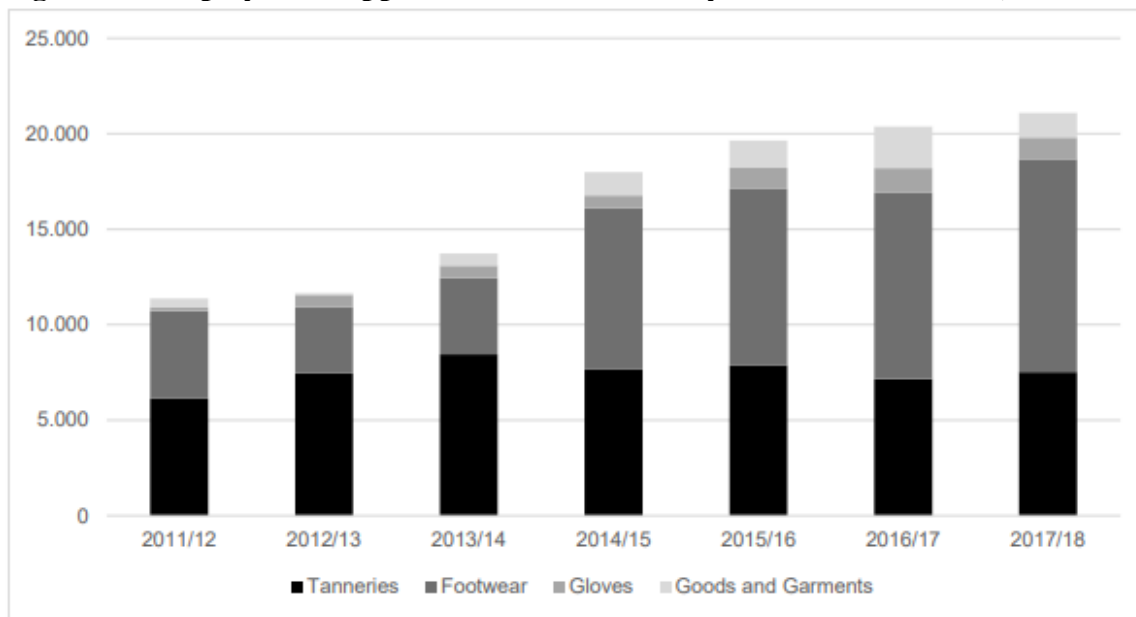
The government’s policies and strategy contributed to increasing Foreign Direct Investments (FDI) and enhanced local players – big firms, individual firms, and SMEs in the leather sector. The policies introduced by the government focused on the privatisation of companies (tanneries), attracting external investments (from China, Taiwan, and Hong Kong), tax holidays, a one-stop

service system in industrial parks, easing the bureaucratic red tape, and protecting the environment.

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The policies introduced by the government with strong political will, determination, and commitment enabled the expansion and upgrading of the Ethiopian Leather and Leather Products (LLP) sector. This is witnessed with an increase in FDI flows, the set-up of new factories, and consequently an increase in job creation, value addition, and the export sector's growth. Thus, LLP exports' average value went from an average of 53 million USD between 1996 and 2000 to 135 million USD between 2013 and 2017. The shift to higher value-added products almost double employment in the sector: from 11 365 employees (2012/13) to 21 094 (2017/18) (Grumiller and Werner 2019). The sector provided better employment opportunities because of the growth of the footwear subsector. In contrast, the employment level in the tanneries remained stable (see figure 54).

Figure 54: Employment Opportunities Generated by the Leather Sector (2012 to 2018)

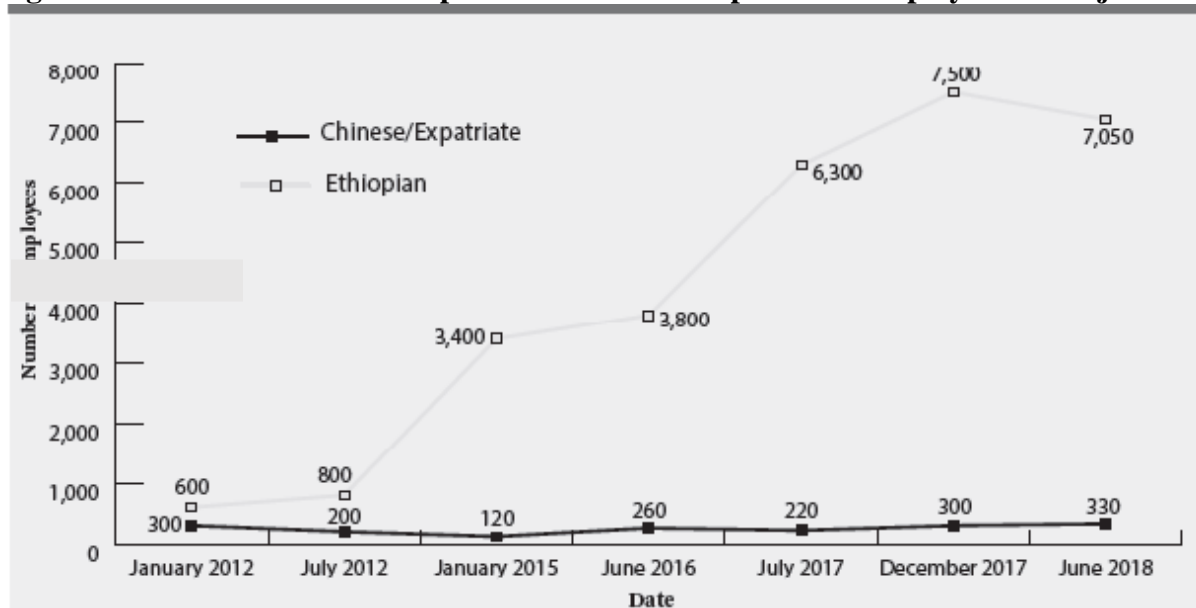


Source: Grumiller and Werner, 2019.

⁸⁴ Interview with Mr. Temesgen Tilahun, Deputy Commissioner, Ethiopian Investment Commission (EIC). Interviewed on Wednesday, 17 December 2019 from 9:00 to 11:00 Am at EIC-His Office.

The leather sector investments also impacted the quality of products, the technological upgrading of old tanneries with foreign investors' financial assistance, the increase of exports, and the creation of new jobs. For instance, Huajian, Chinese FDI, exported above 31.08 million USD in 2017 while the number of Ethiopian employed (see figure 55) has been more than 7 050 in 2018 (Grumiller and Werner 2019).

Figure 55: The Number of Ethiopian and Chinese/ Expatriates Employed at Huajian



Source: Xiaoyang, 2019.

The export tax policies initiated by introducing export taxes on semi-finished leather such as pickles and white-blue in 2008 (+ 150%) and crust in 2012 (+150%) had an objective to discourage export of low value-added products. This policy had an immediate impact and attracted new players in the tanneries sector (mainly foreigners) and the withdrawal of the traditional tanneries from export. These policies contributed to building a more reliable value chain by developing a linkage between tanneries and leather products manufacturers.⁸⁵

However, the policy harmed tanneries as they could not export semi-finished leather, such as wait blue, pickle, and crust, which declined significantly. Around 80% of skins and hides traders in Ethiopia have left the industry because they are discouraged by the tax. According to the new

⁸⁵Interview with Mr. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interviewed on Wednesday, 19 February 2020 From 9:00 to 10:30 Am at MoI-His Office.

proclamation on 61/2012/2020, the government lifted the tax on semi-finished leather products. This is expected to increase the export of semi-processed leather and enhance the value chain as hides and skins' price has dropped since the country introduced these taxes. It has been observed that there were no buyers of hides and skins, and people were throwing it after slaughtering, which happens on holidays. This had an adverse impact on the environment, causing pollution.⁸⁶

4.3.3. Challenges of the Leather Industry

Although the leather industry in Ethiopia is subject to numerous constraints leading to the low level of production, which is much less than its potential, the most notable ones can be listed as follows: low quality and quantity of raw materials; unavailability of chemicals and other inputs; absence of organised value chain between raw hides and skin suppliers and tanneries; insufficient skilled and semi-skilled workforce; lack of modern technology; inadequate and inconsistent market promotion and communication efforts; lack of coordination among stakeholders; insufficient working capital and lack of finance⁸⁷. Ethiopia is more engaged in the export of hides and skins than meat and live animals. The channels for the collection of hides and skins to the tanneries are relatively well established. Still, they need significant improvements to reduce damages caused by thorns, ectoparasitic diseases, poor flaying, and storage methods.⁸⁸

Despite the country's massive potential for raw hides and skin, the leather industry suffers from reduced utilisation of hides and skins (EIC 2018). The livestock sector's overall performance in GTP I, 2010 to 2015 was lesser than it was planned, i.e. the planned aim was \$ 496 million while actual earnings were \$ 132.86 million. Only 10 to 15% of the skins qualify for top grades, while the rest downgraded and rejected because of skin diseases and other defects (Tadesse et al 2011, and Yacob 2013).

⁸⁶ Interview with Mr. Daniel Getachew, Secretary General, Ethiopian Leather Industries Association. Interviewed on Wednesday, 17 February 2020 From 11:00 to 12:30 at His Office.

⁸⁷ Interview with Mr. Yassin Awale, Chief Technical Advisor, United Nations Industrial Development Organisation (UNIDO). Interviewed on Tuesday, 18 February 2020 From 2:30 to 3:30 at UNIDO-His Office.

⁸⁸ Interview with Mr. Mesfine Legese, Manager, Hides and Skins Collectors Association. Interviewed on Wednesday, 17 February 2020 From 11:00 to 12:30 at His Office.

Although Ethiopian tanneries have invested in machinery, they find it increasingly difficult to find international buyers for their finished leather products. Manufacturers of leather products need to follow the latest fashion trends, which in turn requires a quick response time to be able to produce new designs. Because importing chemicals requires long lead times, and small amounts of chemicals cannot be imported, Ethiopian tanneries often did not obtain the necessary chemicals to conduct more sophisticated processing. Local tanneries have difficulty keeping up with the finished leather markets' style and colour changes.⁸⁹

Ethiopia has not been able to maximise the exploitation of its comparative advantage due to the poor coordination between the leather industry and smallholder producers. The local domestic chain is not well integrated.⁹⁰ Furthermore, most local firms are not performing well in the export sector except for FDI-based and big local firms. This is mainly because of lack of know-how on the foreign markets; lack of technology to compete in the international market; lack of educated human power; lack of accessories due to limited hard currency; not meeting the requirement for export; low quality on the leather product due to animal disease on the skin; lack of promotion on Ethiopian branding and the previous tax on the semi-finished product (wait for blue and pickle), but currently that tax is fully lifted.⁹¹

4.3.4. Opportunities for the Leather Industry in Ethiopia

Though constrained by various factors, the Ethiopian leather industry has proven to have advantages that can help increase the competitiveness of the nation's leather industry against its competing rival countries engaged mainly in the sector. Some of these advantages are the sector is a priority for the government; availability of quality raw material; the incentives provided;

⁸⁹ Interview with Mr. Daniel Getachew, Secretary General, Ethiopian Leather Industries Association. Interviewed on Wednesday, 17 February 2020 From 11:00 to 12:30am at His Office.

⁹⁰ Interview with Mr. Yassin Awale, Chief Technical Advisor, United Nations Industrial Development Organisation (UNIDO). Interviewed on Tuesday, 18 February 2020 From 2:30 to 3:30 pm at UNIDO-His Office.

⁹¹ Interview with Mr. Daniel Getachew, Secretary General, Ethiopian Leather Industries Association. Interviewed on Wed, 17 February 2020 From 11:00 to 12:30 am at His Office, and Interview With Mr. Mesfine Legese, Manager, Hides And Skins Collectors Association. Interviewed on Wed, 17 February 2020 From 11:00 to 12:30 am at His Office.

access to a broad market (foreign and local); cheap labour force and affordable electricity and land, among others.⁹²

In both GTP and homegrown economy, the leather industry is indicated among the priority sectors. In 2019, the Ethiopian government introduced a homegrown Economic Reform Agenda to boost the country's economic progress. The homegrown economic reform agenda's main focus areas are the following: agriculture, manufacturing, mining, tourism, and ICT and creative industries. Under the homegrown economy, developing manufacturing sectors with strong local content such as agro-processing and leather products is a priority⁹³.

There is also the availability of raw materials, especially hides and skins, as noted above, cheap labour, and affordable electricity and land. The country has the potential to develop the sector. The leather sector is also labor-intensive; hence the sector has a high job creation propensity. The sector also has a strong linkage with other sectors. Historically, many developed countries transformed their economies at the back of the leather sector, which can be considered a significant strategy (Oqubay, 2015).

Ethiopia's government also provides incentives for investors involved in the sector, both local and FDI-based. These incentives include: tax-free for imported machinery and raw materials; FDI firms do have five years' tax holiday; tax on semi-processed leather is lifted, which provides incentives for the sector; providing industrial parks; and cheap electric/ energy supply, as well as opportunities in relation to the African Growth and Opportunity Act (AGOA) from the US and Everything but Arms (EBA) from the EU. The government has also been providing loans from the Development Bank of Ethiopia, commercial Banks, private Banks, and microfinance Institutions for the leather sector.⁹⁴

⁹²Interview with Mr. Temesgen Tilahun, Deputy Commissioner, Ethiopian Investment Commission (EIC). Interviewed on Wednesday, 17 December 2019 from 9:00 to 11:00am at EIC-His Office and Interview with Mr. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interviewed on Wednesday, 19 February 2020 From 9:00 to 10:30am at MoI-His Office.

⁹³Interview with Mr. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interviewed on Wednesday, 19 February 2020 From 9:00 to 10:30 am at MoI-His Office.

⁹⁴ Interview with Mr. Temesgen Tilahun, Deputy Commissioner, Ethiopian Investment Commission (EIC). Interviewed on Wed, 17 December 2019 From 9:00 to 11:00 am at EIC-His Office and Interview with Mr.

There is the availability of foreign and local markets. As local producers indicated, there is ample market potential for leather products⁹⁵. This is because of two factors. The first is the large population which is above 110 million. The second is the ever-improving (design and fashion) quality of Ethiopian leather products.⁹⁶ Access to market the industrial policy implemented by the Ethiopian government has also attracted foreign investors who were linked to USA, China, Hong Kong) markets. However, this policy could not allow local small and medium enterprises (SMEs) to have access to foreign markets given the absence of an export strategy that aims to connect SMEs with international markets, the lack of competitiveness of local products compared to those manufactured by FDI based companies. To date, Ethiopia has not been able to develop a leather products brand on the international markets. The only attempts that have taken place have been made by LIDI, which is a body more oriented towards the technical or commercial aspects of leather.

Furthermore, local and foreign firms' participation in the design of the sector's development policies, strategies, and their involvement in the decision-making process through their associations have encouraged entrepreneurs to integrate and invest in the sector. This exercise also helped reduce some lobbies' power (local and Italian tanneries producing semi-processed leather products for export of low-value-added products).

The leather sector in Ethiopia is also supported by training and knowledge products from the Federal Small and Medium Manufacturing Industry Promotion Authority (FSMMIP) as well as the Ministry of Industry-Leather Institute Development Industry (LIDI). There are capacity building training, training of trainers (TOT) provided by LIDI and FSMMIP. Furthermore, there

Zerihun Abebe, Director of Textile and Leather, Ministry of Industry, (MoI). Interviewed on Wednesday, 19 February 2020 From 9:00 to 10:30am at MoI-His Office.

⁹⁵ Interview with Mr. Bamlaku Demissie, General Manager, Abessa Shoes Share Company. Interviewed on Tuesday, 18 December 2019 From 9:00 to 10:30 am at EIC-His Office and Interview with Mr. Ermias Hassen, General Manager, Gosh (Shoe & Leather Products). Interviewed on Tuesday, 18 December 2019 From 11:00 to 12:30 am at EIC-His Office

⁹⁶ Interview with Mr. Bamlaku Demissie, General Manager, Abessa Shoes Share Company. Interviewed on Tuesday, 18 December 2019 from 9:00 to 10:30 am at EIC-His Office and Interview with Mr. Ermias Hassen, General Manager, Gosh (Shoe & Leather Products). Interviewed on Tuesday, 18 December 2019 From 11:00 to 12:30 am at EIC-His Office

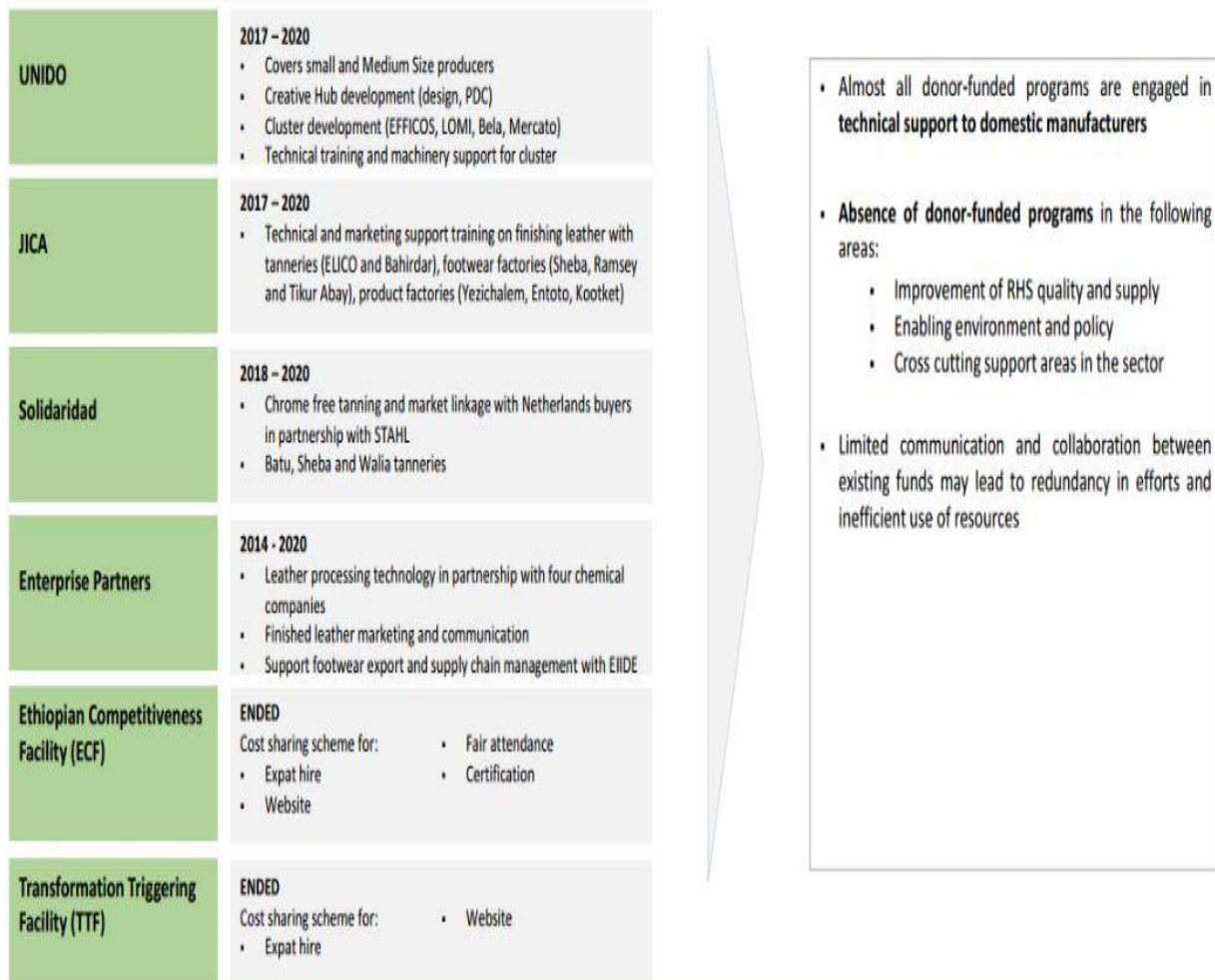
are technical, Vocational Education and Training (TVET) Centers and Universities teaching about the leather industry, such as Bahirdar University, ASTU University, and Wello University, and Addis Ababa University, which offers a Master's degree in the leather industry.

The industrial policy put in place by the Ethiopian authorities has made it possible to strengthen the capacities of LIDI, recruiting international experts to diagnose the sector and businesses. LIDI has also been one of the technical interfaces of foreign and local investors. LIDI has been offering training on production and managerial skills for workers and managers of tanneries free of charge.⁹⁷

There are diverse partners, such as UNIDO, JICA, Solidaridad, Enterprise Partners, Ethiopian Competitiveness Facility, Transformation Triggering Facility (TF) (See figure 56), supporting the leather sector in the country, In addition to the information provided by government institutes on the latest use of machinery and technology in the sector, JICA also provides support including on kaizen philosophy and other soft skills, as well as market linkages, to selected firms.

⁹⁷Interview with Mr. Hailekiros Debsay, Deputy Director General, Leather Industry Development Institute (LIDI). Interview on Wednesday, 13 February 2020 from 1 to 2 pm at LIDI-His office.

Figure 56: Key Partners Involved in Supporting the Leather Sector



Source: EIC, 2018.

The implementation of environmental regulations had two effects. The first was eliminating several tanneries that did not meet the standards and did not have the financial capacity to upgrade. The second effect was the entry of new modern tanneries, which met the criteria (excluding the toxic residues) and provided quality finished leather. These tanneries subsequently forged links with factories belonging to foreign investors and sold their products to them in addition to supplying local SMEs.

4.4. Infrastructure Development in Ethiopia: The Cases of Roads and Railways

4.4.1. Background

Roads and railways are essential indicators of the welfare of any nation and its economy. As indicated in chapter two's literature review and subsequently in the analytical framework, and chapter three of this thesis, investment in hard infrastructures like roads and railways is the centre of some significant developmental state investment plans. The experience of southeast Asian countries confirms this. However, many of the nations considered to be developing do not give much attention to the construction of high-quality roads and railways. Many African nations, including Ethiopia, didn't even have a railway system until recently. Indeed, the establishment of a railway system requires much greater capital than essentially building roads. A sustainable energy source to ensure the railway's smooth running once it has been launched is also pertinent. This subsection looks at the hard infrastructure development policy and practice in Ethiopia, focusing on roads and railways.

4.4.2. The Road Sector in Ethiopia

4.4.2.1. Industry Description: Roads Development in Ethiopia

The road transport sector in developing countries is considered an essential component of the growth process through various engagements in the development of any nation. The most notable one is the creation of market access opportunities for agricultural products. For Ethiopia, this is more relevant because the rural population accounts for about 85% of the national population; this population is primarily engaged in production for both the domestic and international markets. Besides, road transport facilities are crucial to every household's production and consumption decisions in their day-to-day activities. Road facilities help expand other services such as education, health, trade, banking, and insurance. Moreover, there are road linkages to different transportation modes like railways, shipping, and airways (ERA 2015).

The road network of Ethiopia has shown improvements year by year. Towards the end of the 2017/2018 fiscal year, Ethiopia had 120,171kms (74 670 miles) of all-weather roads, which

roughly makes up for about 32% of the country's required road network. In the same fiscal year, 33.9 billion birr (1.24 billion\$) was invested in road construction by Ethiopia's government (GOE). The Ethiopian roads authority plans to build an additional 10 000 km of the road at the cost of 41 billion birr (\$1.5 billion) in the coming years. Road projects constitute a fourth of the annual infrastructure budget of the Ethiopian federal government. Moreover, the government has earmarked \$4 billion to construct, repair, and upgrade roads over the next decade through the Road Sector Development Program (RSDP) (Ali 2019).

Road transport dominates (90 to 95%) transportation in Ethiopia. However, infrastructure provision remains a significant challenge in its endeavor towards socio-economic development and poverty reduction due to limited road networks (ERA, 2008). The Plan for Accelerated and Sustained Development to End Poverty (PASDEP), Ethiopia's version of the Poverty Reduction Strategy, has been established to be highly associated with the road sector policy. The Ethiopian economy is dependent on road transport. In the period from 1997 to 2010, Ethiopia's government has implemented a large scale public investment program, known as the Road Sector Development Program (RSDP) (ERA, 2015).

The Ethiopian government has undertaken various reforms since 1993/94. These involve the processes of structural adjustment programs coupled with commercialisation of agriculture, private sector development, and poverty alleviation programs. To successfully implement these programmes, it is essential to set forward an efficient infrastructural system. Mainly, road transport is responsible for providing a network to associate a wide range of infrastructural facilities. As other means of transportation are unaffordable for most of the population, the road transport sector is essential for developing countries. Public spending in rural infrastructure is a powerful instrument used by governments in an attempt to boost economic growth and poverty reduction. Perhaps the most important of all these services is the road transport sector⁹⁸.

⁹⁸ Interview with Architect Daniel Alemayehu, Senior Consultant on Roads, Railways, Industrial Parks and Condominium Houses, Interviewed on Wednesday, 24 January 2020, from 2: 30 to 4: 30 pm.

4.4.2.2 Impact on the Economy

Transportation plays a vital role in the development of any country, and its contribution to the GDP of a country is undeniable. Its contribution to the investment sector is different for developed and developing countries. This is mainly because most of the infrastructure development in the developed countries has already been accounted for, and most of the investment is geared towards automotive equipment, while investment in developing countries emphasises infrastructure development. About 30-35% of the developing countries' investment is attributed to infrastructure development, whereas only 15-20% of the developed countries' investment is attributed to infrastructure development (Ali 2019).

Around a quarter of the Ethiopian federal government's annual infrastructure budget is spent on road projects. Moreover, the Road Sector Development Program (RSDP) has enabled the Ethiopian government to allocate \$4 billion to repair and upgrade roads. In 2017/18, the total road network reached 126 773 km, showing a 5.5 percent annual expansion. The country's overall road network consisted of 56 732.4 km (44.8 percent) Woreda road, 35 985 km (28.4 percent) rural road, 28 699 km (22.6 percent) federal road, and 5 357 km (4.2 percent) urban road. The Federal road included 15,886 km (55.4 percent) asphalt and 12 813 Km (44.6 percent) gravel. Asphalt road networks accounted for about 12.5 percent of the road network, which was lower than the 14.5 percent GTP II target set for the fiscal year (ERA, 2015). See table 15 on-road sector development in Ethiopia from the years 2004/5 to 2018.

Table 15: Road Sector Development in Ethiopia from the years 2004/5 to 2018.

Year	Federal Road				Rural road		Woreda road		Urban Roads			Total**	
	Asphalt		Gravel		Length	Growth rate	Length	Growth rate	Paved	Cobbled	Unpaved	Length	Growth rate
Length	Growth rate	Length	Growth rate	Length									
2004/05	4,972	7.3	13,640	(1.9)	18,406	2.5	NA		NA	NA	NA	37,018	1.4
2005/06	5,002	0.6	14,311	4.9	20,164	9.6	NA		NA	NA	NA	39,477	6.6
2006/07	5,452	9.0	14,628	2.2	22,349	10.8	57,764	-	NA	NA	NA	42,429	7.5
2007/08	6,066	11.3	14,363	(1.8)	23,930	7.1	70,038	21.2	NA	NA	NA	44,359	4.5
2008/09	6,938	14.4	14,234	(0.9)	25,640	7.1	85,767	22.5	NA	NA	NA	46,812	5.5
2009/10	7,476	7.8	14,373	1.0	26,944	5.1	100,385	17.0	NA	NA	NA	48,793	4.2
2010/11	8,295	11.0	14,136	(1.6)	30,712	14.0	854	(99.1)	NA	NA	NA	53,997	10.7

2011/12	9,875	19.0	14,675	3.8	31,550	2.7	6,983	717.7	NA	NA	NA	63,083	16.8
2012/13	11,301	14.4	14,455	(1.5)	32,582	3.3	27,628	295.6	NA	NA	NA	85,966	36.3
2013/14	12,640	11.8	14,217	(1.6)	33,609	3.2	39,056	41.4	NA	NA	NA	99,522	15.8
2014/15	13,551	7.2	14,055	(1.1)	30,641	(8.8)	46,810	19.9	1,693	850	2,814	110,414	10.9
2015/16	14,632	8.0	13,400	(4.7)	31,620	3.2	48,057	2.7	1,693	NA	3,664	113,066	2.4
2016/17	15,886	8.6	12,813	(4.4)	33,367	5.5	52,748	9.8	1,693	NA	3,664	120,171	6.3
2017/18	15,886	-	12,813	-	35,985	7.8	56,732	7.6	1,693	2,814	850	126,773	5.5

Source: Ethiopian Roads Authority (ERA).

At the end of 2017/18, road density per 1 000 square Km increased to 115.2 km from 109.2 km a year ago, depicting a 5.5 percent improvement over the previous year. Meanwhile, road density per 1,000 populations was 1.27 km, which shows a slightly downward movement by 1.6 percent compared with 1.29 km a year ago (Ali 2019). See table 14 below on road density/1000 person and /1000 sq. km.

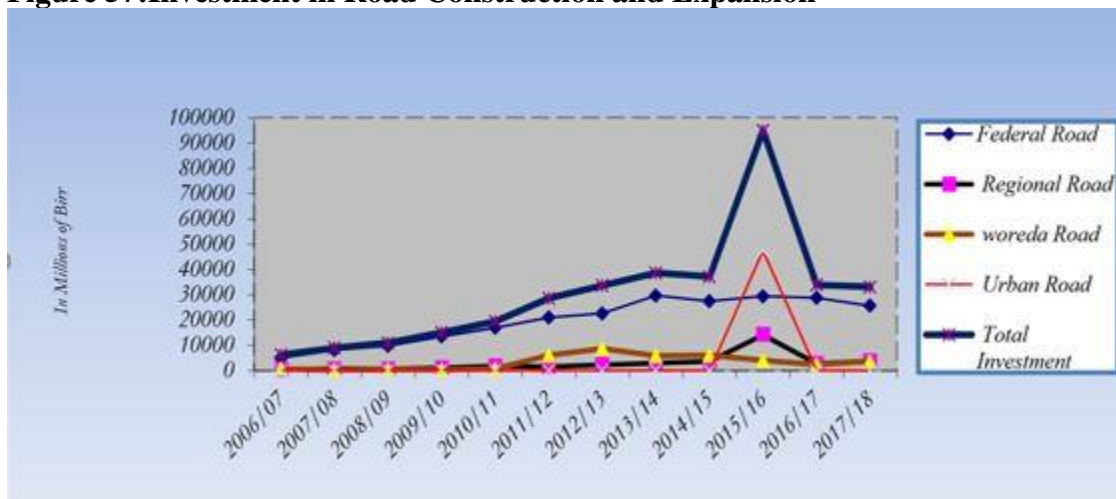
Table 16: Road Density/ 1000 person and /1000 sq.km

Year	Road Density /1000 person	Road density /1000 sq. km
2004/05	0.50	33.70
2005/06	0.53	35.90
2006/07	0.55	38.60
2007/08	0.56	40.30
2008/09	0.57	42.60
2009/10	0.60	44.40
2010/11	0.65	48.30
2011/12	0.75	57.30
2012/13	1.00	78.20
2013/14	1.10	90.50
2014/15	1.20	100.40
2015/16	1.23	102.80
2016/17	1.29	109.20
2017/18	1.27	115.20
Growth rate	-1.6	5.5

Source: Ethiopian Roads Authority (ERA)

Construction and maintenance of roads remained one of the critical investments for the Ethiopian government over the past decade. In 2017/18, total investment in road construction and expansion (excluding urban road) declined by 2.4 percent to Birr 33.1 billion from Birr 33.9 billion a year earlier. Investment in the Federal road construction and expansion accounted for 77.6 percent of the total road investment capital and reached Birr 25.6 billion. Regional roads constituted 11.5 percent, followed by Woreda road (11 percent) (see figure 57 below Investment on road construction and expansion). As indicated in the preceding chapter under infrastructure (hard), these roads connected to ports, airports and neighboring countries. For instance, a new toll-based six-lane Addis Ababa-Adama expressway was launched in May 2014 to expedite the road to the port of Djibouti.

Figure 57: Investment in Road Construction and Expansion



Source: Ethiopian Roads Authority

4.4.2.3 Challenges of the Road Sector in Ethiopia

The road sector in Ethiopia is far from perfect. Different challenges constrain the construction of roads. Some of these are limited connectivity, high transport cost, low quality of transport services, growing mobility needs of people, increasing transport demand due to economic growth, lack of skilled human power in the sector, high Investment costs, high planning costs: including the design cost, high construction costs: site preparation, infrastructure, supervision of work and

contingencies, high land and property costs: compensation payments for land acquisition for the projects, high rolling stock (ERA 2015).

In particular, during the Key In-depth Interviews, it was reflected that the following significant challenges characterise the road sector. These are longer project completion times, which has ramifications on the road projects' overall cost and roads' quality. It was also mentioned that there had been corruption and favouritism in the sector because of the poor procurement process. The government has been awarding bids to companies that are linked with government officials and the party- EPRDF. Furthermore, it was also observed that there had been poor monitoring, evaluation, learning, and accountability (MEAL) on road projects executed as development assistance, mainly from China. There was also a lack of software to develop road design. As a result, the roads will have high traffic after completion and will not last long as planned. ⁹⁹

4.4.2.4. Opportunities of the Road Sector in Ethiopia

There are also opportunities for the roads sector in Ethiopia. These are strong political will and commitment from the government. This is witnessed as the government developed a vision for the sector and economic policies of the government such as Agriculture Development Led Industrialisation (ADLI), the Sustainable Development and Poverty Reduction Program (SDPRP), the Plan for Accelerated Development to End poverty (PASDEP), and the Growth and Transformation Plan (GTP-I and II) give due emphasis to road sector development (Ali 2019: 194). There has been huge assistance from the government of China through concessional loans and commercial loans. As the country is large, there is a high demand to build roads and railways.

⁹⁹ Interview with Engineer Kifle Alemayehu, Senior Consultant on Roads, Industrial Parks and Building, Interviewed on Wed, 22 January 2020, from 10: 30 to 11: 00 am, and Interview with Architect Daniel Alemayehu, Senior Consultant on Roads, Railways, Industrial Parks and Condominium Houses, Interviewed on Wed, 24 January 2020, from 2: 30 to 4: 30 pm.

4.4.3. Railway Development in Ethiopia

4.4.3.1. Industry Description

4.4.3.1.1. Past Railway Development in Ethiopia

The idea of a railroad connecting Ethiopia to the world and increasing international trade came into place during the reign of Emperor Menelik. The 762km long railway line linking up Addis Ababa, Ethiopia's capital, to Djibouti's port, was built between 1897 and 1917. During that period, the country's political situation had profoundly affected the construction time and plan of the railway line. The line's exploitation started section by section. The first section of 108 kilometers to Dewele was opened in July 1900, then 315 kilometers to Dire-Dewa in 1909, and the 762 Kilometers line until Addis Ababa opened in 1917. Initially, the operator was called the Imperial Railway Company of Ethiopia, then the Franco-Ethiopian railway in 1909, and Djibouti- Ethiopia railway company in 1981 (Kozicki and Adam 2015).

Since the opening, the company has played a crucial role in Ethiopia and Djibouti's political, economic, social, and cultural developments. The railway line was used mainly to transport freight such as coffee, ivory, hides and skins, imported coal, minerals, live camels for the Saudi Arabian and Yemeni markets that were previously transported to the port of Djibouti by animals (Kozicki and Adam 2015). Besides, Ethiopia traditionally depended on the agriculture sector. The country exported commodities such as coffee and imported a considerable amount of fertilizer and other inputs. The agriculture sector almost totally relied on rail transportation. Historically, about 50 000 tons of coffee and vegetables were exported, and about 5 000 tons of fertiliser were imported by rail. These accounted for 40% of the total rail freight traffic (International Trade Centre, 2018).

In 1914, the revenues from the trade in Ethiopia exceeded 47 million Francs (equivalent 7.165.103 EUR) (International Trade Centre, 2018). Observable developments such as administrative buildings, modern villas, light industries, hotels, restaurants, contemporary schools, shops, and market centers were built in different cities along the railway line but mainly Dire-Dewa as well as in Addis Ababa. The creation of local jobs was also very remarkable as well as the settlement of foreigners doing business, particularly in Dire-Dewa.

In 1936, when the Italians invaded Ethiopia, it generated an unexpected increase in demand, which the train failed to meet. In response to the growing demand, a road connection was built to link Ethiopia to Assab port in Eritrea, which forced the Djibouti Administration to open road connectivity in addition to the train. In addition to under capacity, railway line maintenance became a challenge, which resulted in the reduction of the train speed, and derailments became frequent. The service delivery dropped below customer expectations and tariffs were higher when compared to the road. Consequently, the main railway customers have gradually abandoned the railway in favor of road transport. The Djibouti-Ethiopia railway company ceased partially first in 2007 between Addis Ababa and Dire-Dewa, then in 2009, the whole railway line ceased operations (Ali 2019).

The conflict between Ethiopia and Eritrea and the latter's independence in 1998 caused the complete transfer of Ethiopia's freight traffic to the International Autonomous Port of Djibouti (Paid). This total dependence of Ethiopia's international trade on the Djibouti port created congestion of the road traffic. It hampered the Djibouti port activity due to a lack of tracks causing prolonged storage of Ethiopian goods at the port. Faced with this influx, the crucial need for the Djibouti-Ethiopia railway rehabilitation became evident for Ethiopia and Djibouti's governments. Railways are very expensive to build. Nevertheless, they can produce significantly lower external costs than other modes of transport, particularly when transporting freight (Cheru and Zinabu 2019).

The railways can reduce the external costs of transport by at least 47.5% per passenger-km and 75.4% per ton-km compared to road transport (Blumenfeld, 2019). For Ethiopia, a railway was vital to reduce road freight traffic congestion that delays freight movement and increases the costs of imports and exports. For Djibouti, the rehabilitation would mean preserving the Ethiopian freight traffic monopoly and having a comparative advantage compared to other regional ports.

After several attempts to rehabilitate the existing Djibouti-Ethiopia railway line, the governments of Ethiopia and Djibouti agreed to build a new modern electrified standard gauge railway line that

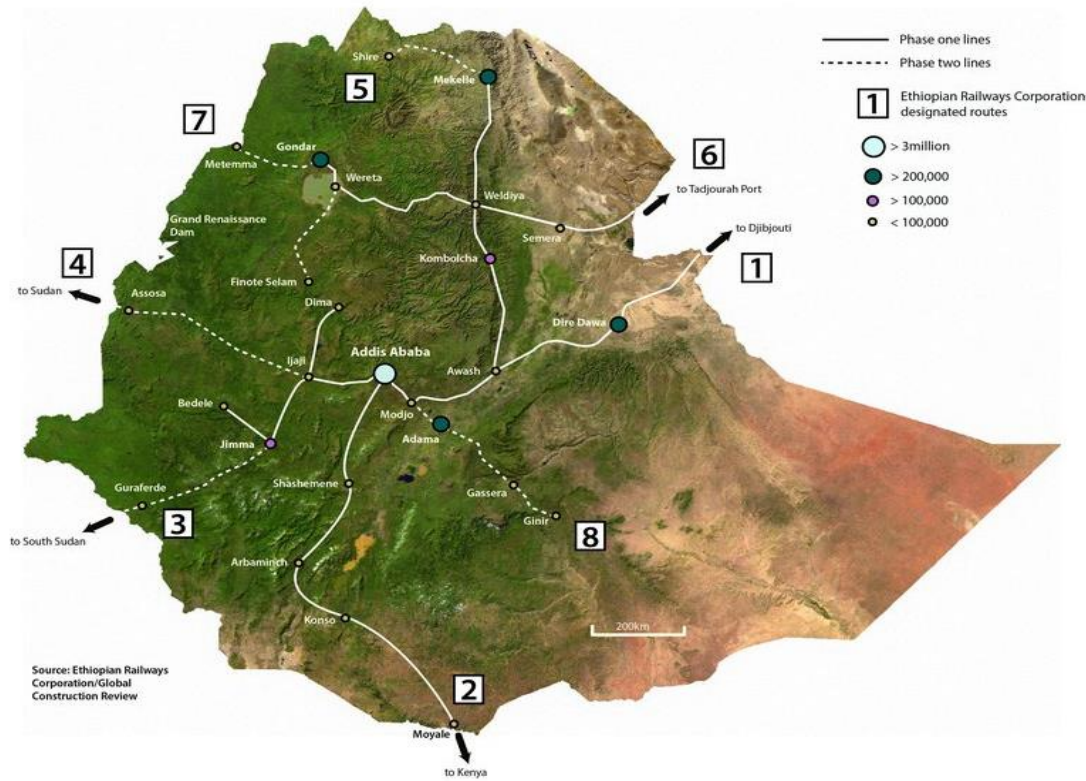
links Ethiopia to the port of Djibouti under the Ethiopian Railways Corporation (ERC), which was established under the Ministry of Transport to replace the Franco-Ethiopian that was no longer functional.

4.4.3.1.2. Present Railway Development in Ethiopia

Through the Ethiopian Railways Corporation, the government of Ethiopia wanted to create a modern nationwide railway network. To reduce transaction costs, increase competitiveness, and develop the country's investment, and address market failure, investment in hard infrastructure like railways is not an option. In this context, the Ethiopian government developed a master plan on railways for the country through ERC. The master plan has two parts. The first part is the overall railway master plan, and the second part is the Addis Ababa railway master plan. The whole plan includes the Addis Ababa-Djibouti railway, Mekele-Weldiya, Weldiya-Awash, Weldiya-Port Tadjoura in Djibouti, and Addis Ababa-Bedele (see figure 58 below). On the other hand, the Addis Ababa Light Railway has five layers/stages. At the moment, only the first layer/stage is completed, while the remaining five layers are not yet completed.¹⁰⁰

¹⁰⁰ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm.

Figure 58: Ethiopia's Planned Rail System

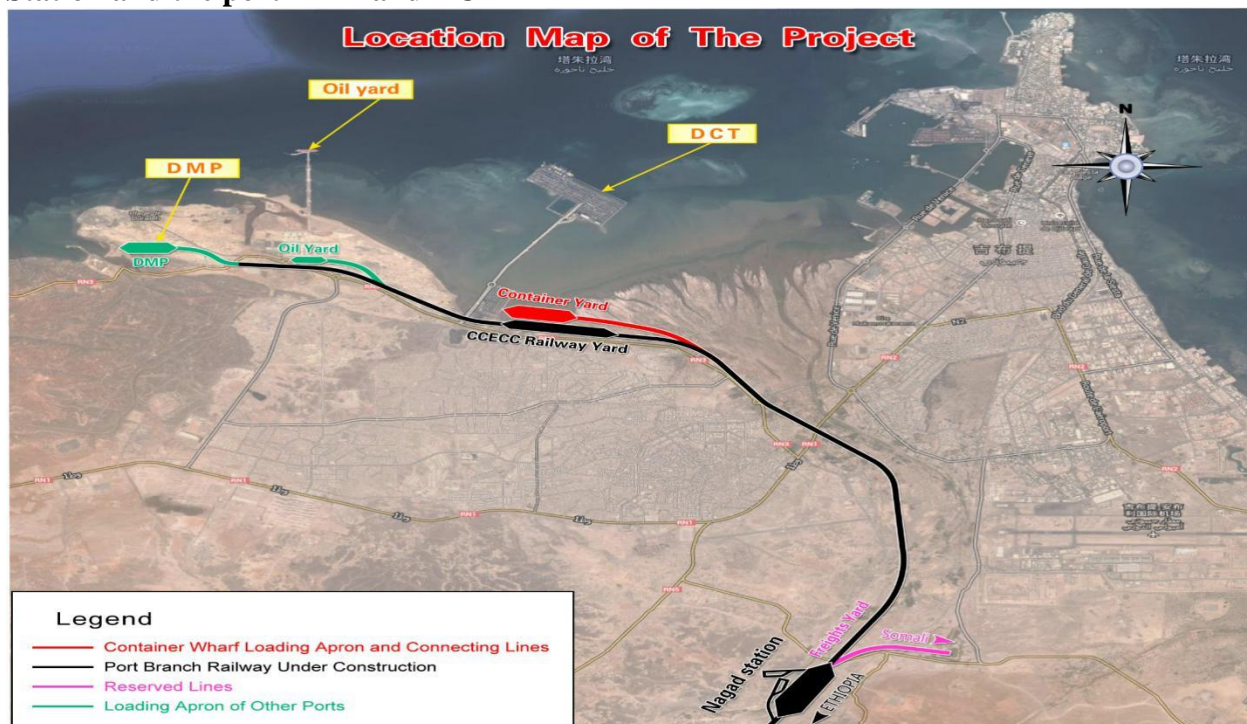


Source: Ethiopian Railways Corporation (ERC).

The new Addis-Ababa-Djibouti railway was officially opened for commercial and passenger traffic on 1 January 2018, after almost two years of delay on/from the initial schedule. The newly electrified rail line is 752 km long and operates for the freight traffic from (Indode) to (Nagad, Djibouti). This has been extended to DCT and DMP through the connection line and extended to the oil depot through the plan's linkage (see figure 59). It operates from Nagad Station in Djibouti to Lebu Station (a suburb of Addis Ababa) in Ethiopia for passenger traffic.¹⁰¹

¹⁰¹ Interview with Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

Figure 59: Ethio-Djibouti Railway end from the Port of Djibouti Side, i.e., Between Nagad Station and the port-DMP and DCT



Source: CCECC (July 2019)

According to UNCTAD (2018), the project cost was around 4 billion USD. The Ethiopian section costing \$3.4 billion, of which 70 percent was financed through the Export-Import Bank of China and 30 percent by the government of Ethiopia. The cost of the Djibouti section was \$ 878 million. The line was constructed separately by China Civil Engineering Construction Corporation (CCECC) and) China Railway Engineering Company (CREC). A consortium was formed by the same companies in 2017 for the operation tender. The consortium also won the tender for the management contract, including six years of operation management and two years of technical support. During the six years, the idea is to train Ethiopians and Djiboutians, who will take over the management at the end of the contract. ¹⁰²

¹⁰² Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 to 4:00 pm.

Moreover, a new joint-venture was established, the Ethio-Djiboutian Railway (EDR) owned 25% share by the SDCF Djiboutian Railway Company. This structure is intended to eventually become the operating structure of the new Addis-Djibouti train line and other lines once the management contract ends, from which 72 % share owned by the Ethiopian Railways Corporation, 3% by the Ethiopian Ministry of transport, and 1% share by the Ethiopian Public and Finance Enterprise. The contract will be reimbursed, excluding the loan by the Ethiopian-Djiboutian Railways (EDR) joint venture for USD 60 million per year.¹⁰³

The construction of the Awash-Weldiya, on the other hand, is completed through the fund secured from seven Banks based in Europe, such as the UK, Germany, Sweden, and Turkey.¹⁰⁴ Still, the government planned to extend the railway system to the Western, Southern, South-Western, and north-Western parts of the country, as indicated in figure 59 above.

An electrified 34km long Addis Ababa Light Railway (AALR) was already started operations in 2015, which helped ease Addis's traffic and technology transfer in the country as over 250 Ethiopians were trained in Ethiopia on how to ride the railway and provide maintenance (see figure 60). This also made the country the first Sub-Saharan African country with an electrified light railway system executed by China Railway Group. Such a railway is found in North African countries like Morocco, Algeria, Egypt, Tunisia, and South Africa. The light railway is capable of transporting 60 000 people per hour.¹⁰⁵

¹⁰³ Interview with Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

¹⁰⁴ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 to 4:00 pm.

¹⁰⁵ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm.

Figure 60: Light Railway at Underground, St. George Station in Addis Ababa



Source: <http://www.aljazeera.com/indepth/features/2015/10/>

4.4.3.2. Opportunities and Challenges to Promote the Railway Sector

There have been supports from external financiers for the railway sector as the government was not only willing to invest in the sector but also managed to develop a master plan. In the Ethiopian case, both the Addis Ababa-Djibouti and the light railway in Addis Ababa were supported by China, and the projects were completed. On the other hand, as noted above, the Awash-Weldiya railway completed through the fund secured from seven Banks based in Europe, such as the UK, Germany, Sweden, and Turkey. The modality of financing is that 15 to 30 % of the fund is from the government and 70 to 85 % of the fund from commercial loans from other countries.¹⁰⁶

¹⁰⁶ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm.

The Addis-Djibouti Railway has created a suitable transportation corridor for Ethiopia's import-export, with nine industrial parks out of 15 that are situated along the railway line. The Addis-Djibouti railway has reduced the travel time for freight and passenger. For freight transport, it has reduced the journey time between Djibouti and the Ethiopian dry port of Mojo from 84 hours to 10–15 hours (Blumenfeld, et al, 2019). According to the ERC, it used to take 100 trucks and three days to transport 212 containers; at present, this can be handled in one 11-hour trip with two freight trains¹⁰⁷. The Addis-Djibouti railway has also achieved to reduce transport costs.

Studies show that agricultural production increases with port connectivity or decreases with transport costs to the port. The new Addis-Djibouti railway line is playing a decisive role in the Ethiopian agriculture sector development. For instance, figures from the Ethiopia-Djibouti Railway Company shows that with the primary harvesting season approaches, about 70 000 tons of fertilisers were transported from the Djibouti port to Ethiopia by the new railway line. To carry these amounts, 26 rounds were needed with the capacity of transporting 2 590 tons on a single trip. The same size of fertilizers transported by one train would have need 75 trucks¹⁰⁸.

Besides, the Addis-Djibouti Railways has contributed to the creation of employment opportunities in both countries. For instance, around 60,000 local jobs were created during the construction, and presently, about 3,900 jobs are created. The creation of jobs also resulted in many gaining skills and technics to operate sophisticated railway machinery. Moreover, a gradual handover of the railways' management staff training is ongoing in Ethiopia and takes them to China to train railway engineering, driving, maintenance, and repair, among others.¹⁰⁹

¹⁰⁷ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm.

¹⁰⁸ Interview with Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 pm to 12: 30 pm.

¹⁰⁹ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm.

Likewise, during the new railway construction period, there was the construction of around 400km of roads by China, dug 50 wells in more than twenty water supply points, and laid out more than 2000 m² of school grounds¹¹⁰. These contributed to the development of the rural areas. Simultaneously, the railway also indirectly brought about 25 000-30 000 employment opportunities in areas such as retailing, short-distance freight transport, passenger transport, bulk cargo undertakings, and real estate development (CCECC, 2019). From 2015-2017, approximately 200 000 tons of emergency provisions (grains) were transported through the Addis Ababa-Djibouti Railway for drought-stricken regions of the country (WFP 2018). Moreover, the railway enhances not only regional integration but also the tourism sector. Ethiopia's bold commitment to new railway infrastructure recognises a range of key advantages and challenges. The railway is currently registering remarkable achievements both with the freighter and commuter services and will continuously scale it up.

4.4.3.3. Challenges

However, the railway sector is not without challenges. As a closed and highly integrated system, railways are unique in their demands for joined-up institutions and governance arrangements. They require an ambitious “right of way” that needs to be negotiated with other users, entities, and utilities. Also, railways depend on complementary transport services for last-mile connectivity as well as associated electricity supply, communication, and signaling systems.¹¹¹

Ethiopia's railway revolution is an instructive case for acknowledging the political economy, governance agenda, and planning rationale of the current administration. A return to substantial rail investments, particularly in a developing-world context like Ethiopia, is, therefore, nothing less than a game-changer for the economy, regional integration, crucial catalyst for economic development, and managing urban change. Beyond reflecting on the current rail transport and its economic contribution, significant underpinning issues/challenges can be identified. These are

¹¹⁰Interview with Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

¹¹¹ Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

lack of a sound legal system for railways development, frequent power failure; insufficient facilities or equipment for the railway; limited funding for the sustainability of the railway; lack of clear understanding of the benefits of the railway; slow policy decisions on the management of finished linkage lines and the construction of the newly-planned one (for more information see table 17 below).¹¹²

¹¹²Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm and Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

Table 17: Barriers, Risks, and Opportunities

Stakeholder/Issue	Description of Barrier	Mitigations Actions
Governments/EDR	Lack of staff or internal Knowledge/expertise in railway management /regulatory regimes rigidity/ railway code	Institutional arrangements for corridor management (Public, Private, or PPP) and cooperation are vital; training; building institutional capacity through corridor management arrangements and regulatory framework; Highlight / communicate the co-benefits; demonstrate the economic benefits of the railways for the surrounding corridor communities and both regions; capacity-building programs; Regulatory regime should be flexible enough to respond to the unexpected, particularly when traffic fails to meet projections; regulation should be designed to ensure that its benefits exceed its costs.
Policy inconsistency and implementation gaps	Inconsistency in government policies, strategies, proclamations, and gaps in their implementation	Addressing the problem requires a deeper understanding of whether the current railway policy direction, planning, prioritisation, budgeting, implementation, and monitoring processes are consistent with national development outcomes?
Regional Corridor Institution	Cumbersome custom procedures; insecurity	Promoting sustainability principles along the corridor; Tighten-up security along the corridor; fence the railway;
Local private companies and Development/Exim Banks	reluctance to financially contribute	Raise awareness on the private economic benefits, i.e., CBA; governance risks must be addressed to attract investors;

Source: Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), and Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC),

The railway can be built for three purposes. The first is the actual construction of the railway. The second is providing services for both passengers and freights. The third purpose is promoting extended development through industrialisation and urbanisation around the railway station. This would help to recover the enormous cost invested in railway construction. However, in the Ethiopian case, the government uses only the second purpose of the railway – to provide services for passengers and freights. Accordingly, the future success of the new railway line will be determined by the connectivity to efficient hinterland logistics nodes such as industrial parks and dry ports, as well as how it will respond to the rising transport demand.¹¹³ Furthermore, the success of the Addis-Djibouti will be determined by the efficiency of the complementary transport services for last-mile connectivity, intermodal transport system, electricity supply, communication, signaling system, and management.¹¹⁴

4.5. Condominium Housing Project In Ethiopia

4.5.1. Industry Description

Housing has been a significant problem for over one billion urban people worldwide who can only afford access to inadequate housing where living conditions are poor and services are insufficient. Thus, increasing the supply of adequate housing is a key priority for the government over the late 20th century. There has been an ever demand for housing because of the growing population and people’s growing tendency to live in a spacious house. However, there has been a limited provision of houses. The demand and supply gap resulted in the rise in prices, which created a challenge for first-time buyers (UN-Habitat 2016).

Urbanisation is highly associated with the development of a country's economy in general and industrialisation in particular. Urbanisation directly impacts housing as a country becomes more urbanised; more houses are expected for urban residents (UN-Habitat 2009). Housing remains a critical problem in Ethiopia, cities and towns mirrored by most urban centers of the developing

¹¹³ Interview with Dr. Birhanu Besha, former head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm

¹¹⁴ Interview with Mr. Christopher Kang, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.

countries presently facing a worsening housing shortage (Solomon and McLeod 2004). Against this background, the Ethiopian government introduced the Integrated Housing Development Program (IHDP) in 2005.

4.5.1.1. History of Housing in the Different Government of Ethiopia

In the first half of the 20th century, land and housing in Ethiopia, a few individuals and groups owned and controlled land and housing development. Housing supply was led by the landowning sector, with less than one percent of the population having over 70 percent of the arable land, on which 80 percent of the peasants were residents. In the early 1960s, the government had no coherent approach towards housing provision, but also showed not much interest in housing development for low-income residents (UN-Habitat 2011: 2).

After the coming of the Derg in 1974, the land and housing conditions considerably altered. In July 1975, Proclamation No. 47: “Government Ownership of Urban Lands and Extra Houses” nationalised all urban land to force a fair distribution of wealth across the country. Two types of governmental housing administration were then created. The first was housing administered by the Agency for the Administration of Rental Houses. The Second was under Kebele Administration (the smallest government administration unit in Ethiopia). During this time, approximately 60 percent of housing in Addis Ababa was rental accommodation, and Kebeles accounted for 93% of this rental accommodation. A consequence of the nationalisation was a significant reduction in the rental price for low-cost rental housing of between 15 and 50 percent for occupants paying below ETB 300 (USD 23) (UN-Habitat 2010). The nationalisation of extra private houses and low rental rates resulted in little investment in housing and adversely affected the housing development in Addis Ababa.

Since the overthrow of the Derg by the Ethiopian People’s Revolutionary Democratic Front (EPRDF) in 1991, the new government introduced market-oriented reforms. However, housing continues to be a major challenge as even professionals unable to get housing easily in Addis Ababa (UN-Habitat, 2010).

4.5.1.2. Housing Development during EPRDF, after 1991

Ethiopia's housing problems are highly attributed to a considerable backlog, overcrowded occupation of homes, old and dilapidated homes, increasingly non-durable structures of houses, poor sanitation in neighbourhoods, and the absence of toilet facilities. In particular, it is the poor's inability to qualify to access finance, which poses a more significant problem (Ingwani 2015). The housing deficit in Ethiopia is between 900 000 and 1 000 000 units in urban areas. Only 30% of the current housing stock is in fair condition, with the remaining 70% in need of total replacement. For instance, in Addis Ababa, more than 300 000 houses were needed. In the period between 1983 and 2007, Ethiopia's population more than doubled, from 33.5 million to 81.2 million, and by 2050 it is expected to reach 170.2 million. To accommodate future growth, the urban sector MDGs needs assessment (2004) indicated that a total 2 250 831 units of the house would be required, which equates to a considerable 225 000 houses per annum (UN-Habitat, 2011).

The Ethiopian government, to reduce housing problems, has allocated urban land by building a row of condominium houses, which is assumed to improve municipal land use and the supply of housing through benefiting a considerable number of people and enable a common property hold of small size of urban land (FDRE, Proclamation No. 370/2003). Sustained high urbanisation and population rates in Ethiopia place extra pressure on cities and urban areas, especially considering the high demand for affordable housing by the low-income population (UN-Habitat, 2010). In this context, the government developed a vision for middle and low-income urban residents through the Integrated Housing Development Program (IHDP) since 2005. According to IHDP, all slums will be cleared for Ethiopia to achieve middle-income status by 2025. In particular, the IHDP envisages the utilisation of housing as an instrument to promote urban development, create jobs, revitalise the local urban economy through micro and small enterprise (MSE) (Mehader 2013).

Integrated Housing Development Program targets only middle and lower-income households. For its practicality, the state transferred the overall responsibility for the housing sectors at the regional level to city administration or municipalities (Ministry of Works and Urban Development, 2007). According to the housing development project office of Addis Ababa Ethiopia, 173.8 hectares of land were spared and prepared for 34 280 condominium units in the city. This includes land for

the erection of the condominium houses, land for shared space, land for local kitchens, land for common laundry, and land for septic tanks and drainage laying area (Ali 2019: 198-201).

The condominium housing program is one of the pro-poor programs targeting low and middle-income households in urban areas, being implemented in Ethiopia. It is essential to see the impact of the housing programme on welfare, to see what it is achieving aside from solving housing shortages. Of course, the programme's direct goal is to help low and middle-income households access better quality houses equipped with basic services (Hadush 2013).

4.5.2. Impact on the Economy

In terms of policy orientation, 2005 was a landmark year for the government of EPRDF. As the then ruling party, it lost the election to major opposition party (Coalition for Unity and Democracy, CUD) in major cities and towns. This compelled the EPRDF to introduce urban development policies, such as urban housing development, urban roads, railways, and create urban employment opportunities through cobble stone development, among others. The condominium housing project also aims to meet the elements of Millennium Goal 7 on environmental sustainability, target 11 which seeks to achieve a significant "improvement in the lives millions slum dweller". More than 70% of the pollution in Addis Ababa stems from the slums, and the houses are made predominantly from mud and straw (Ali 2019: 198-203, IHDP 2008).

Condominium housing is where each resident owns his/her unit in the building while equally sharing ownership and responsibility for the common areas and facilities (see figure 61 below). Usually, the roof and walls' external maintenance are undertaken by a condominium association that jointly represents ownership of the whole complex, employing strict management to ensure funding from each homeowner (UN-Habitat, 2017).

Figure 61: Condominium Housing in Addis Ababa, Ethiopia



Source: UN-Habitat, 2017

The association consists of representatives of all condominium residents who manage the site through a board of directors, elected by association members. Under the condominium house scheme, beneficiaries are required to save 10 %, 20 %, or 40 % of the estimated cost of the house in advance at the government bank - the Commercial Bank of Ethiopia (CBE), based on their income and size of the houses. Once the house is given to the beneficiaries (see table 18), the outstanding balance will be repaid over ten or twenty years (Ali, 2019: 199).

Table 18: Houses transferred to winners from 1-11th rounds

Round and years E.C and GC	Studio (10/90)	Studio (20/80)	One bed Room	Two bed Room	Three bed Room	Total
1st,1998/2006	0	4,118	5,677	6,548	2,645	18,988
2nd,1999/2007	0	2,592	5,070	6,263	1,106	15,031
3rd,2001/2009	0	2,695	3,679	3,626	735	10,735
4th,2002/2010	0	2,797	6,755	4,108	1,372	15,032
5th,2002/2010	0	3,088	4,719	2,028	934	10,769
6th,2003/2011	0	1,255	4,467	2,747	1,531	10,000
7th,2004/2012	0	2,952	3,594	433	321	7,300
8th,2005/2013	0	1,326	4,665	2,952	1,155	10,098
9th,2005/2913	0	2,570	4,423	2,330	934	10,257
10th,2007/2015	960	6,734	15,670	7,309	4,327	35,000
11th,2008/2016	23,016	2,449	6,262	3,316	2,489	37,532
Total	23,976	32,576	64,981	41,660	17,549	180,742

Source: AAHPO, 2017

The government policy in providing adequate and affordable housing for the low and middle-income people of Addis Ababa, which is promised in its objective at the Integrated Housing Development Program (IHDP), set out a housing project has a goal of constructing 400 000 condominium units between 2010 and 2015 (see table 19 below). However, the programme has not met its original targets. It has built 171 000 housing units up until the end of 2017 (Ali 2019: 198-201). The question is why the project failed by more than 50 percent?

Table 19: The Price (Cost in Birr) Of Condominium Housing Between 2012 And 2016

Types	2012			2016		
	Down	Monthly	Total	Down	Monthly	Total
	payment	payment	Payment	payment	Payment	payment
Studio	10,430.58	-	45,288.98	18,519	677	92,594
One bed room	18,117.88	-	82,202.67	35,105	1,292	175,525
Two bed room	36,032.97	-	168,233.64	65,984	2,728	329,469
Three bed room	43,789.01	-	205,479.32	95,364	3,957	476,821

Source: AAHPO, 2016

4.5.3.2. Challenges of Condominium House Project in Ethiopia

Despite enormous progress and advantage to many local poor households, the condominium housing project remain fraught with challenges regarding the selection of competent consultants and reliable contractors, the absence of useful methods and systems in purchasing and finance and supply management, slow speed in decision making, poor in planning and leading and controlling the project activities, lack of leadership skills of a project manager, poor coordination and

communication with contractors and consultants and suppliers, financial constraints faced by the owner, and finally lack of sense of ownership and degradation of moral obligation.¹¹⁵

Furthermore, there have been operating issues with water provision and sewerage disposal. One reason is the massive scale of the projects that have placed a high demand on existing infrastructure (especially sewerage) that is often non-existent, or of poor quality. There is a lack of adequate infrastructure (electricity, road, transportation, school, etc.). The poor living environment has remained a critical problem for most of the population for more than 30 years and there is an inappropriate selection of competent consultants and reliable contractors available do the work of projects. Livelihoods have been affected as units cannot accommodate certain income generation activities (such as baking bread and enjera), which provided an income source in their previous environment. This places extra financial pressure on many households. There is a shortage of land for the project, and a waste of resources around the project sites (UN-Habitat, 2010, Ali 2019: 198-201).

During an interview with critical observers, it was revealed that in its objective of creating employment opportunities and providing housing for middle and lower-income households, construction opportunities were given to individuals and SMEs with connections with government officials and the party in power. The houses were also distributed to party members, mainly from middle and lower-income households. Furthermore, because of a lack of accountability in the procurement process and corruption, there has been a wastage of resources. For instance, all the equipment and materials required for different phases of the building would be bought at the beginning of the construction. Then another procurement of equipment and materials would follow for a supposed design change. Whenever the procured equipment and materials are lost, there are no accountability mechanisms.¹¹⁶ As a result of this, there have been 30% of wastage in the

¹¹⁵ Interview with Mrs. Bawzaye Degafe, Staff at Addis Ababa Housing Development Project Office., Interviewed on Wed, 28 January 2020, from 10: 30pm to 12:30 pm.

¹¹⁶ Interview with Mrs. Bawzaye Degafe, Staff at Addis Ababa Housing Development Project Office., Interviewed on Wed, 28 January 2020, from 10: 30 to 12:30 pm.

condominium housing project, i.e., out of the total six billion birr projects, around two billion were lost.¹¹⁷

The significant challenges are political interference in the bidding process, choosing the consultants, and lack of proper monitoring, evaluation, accountability, and learning on workflow, operation, and building. For instance, some beneficiaries who paid 100% of the registration's housing cost are still expecting to wait more than five years to get the house despite promises that it would take less than that. Moreover, as with the Grand Ethiopian Renaissance Dam (GERD), there could have been a separation of the political appointees from professionals (engineers and construction experts) and consultants building the houses. This was not the case, which delayed the completion of the project, pushed up costs, and reduced the quality. As a result, the government was unable to meet the condominium housing demand. Even those who registered in the first round of registration in 2005, and who contributed and saved the required minimum amount of money at the bank, are unable to get houses.¹¹⁸

It was also reported that though condominium houses contribute to transforming slums and shanties in Addis Ababa, they could have been helpful in building the image of Addis Ababa had they been designed more differently.¹¹⁹ In summary, the key informant interviewees revealed that there had been a lack of adequate participation of experts and the public on flagship projects executed by the government, including industrial parks, roads, and railways, which resulted not only in lack of transparency and accountability but also poor monitoring, evaluation, accountability, and learning.

¹¹⁷ Interview with Architect Daniel Alemayehu, Senior Consultant on Roads, Railways, Industrial Parks and Condominium Houses, Interviewed on Wednesday, 24 January 2020, from 2: 30 to 4: 30 pm.

¹¹⁸ Interview with Engineer Kifle Alemayehu, Senior Consultant on Roads, Industrial Parks and Building, Interviewed on Wednesday, 22 January 2020, from 10: 30 to 11: 00 am and Interview with Mr. Bawzaye Degafe, Staff at Addis Ababa Housing Development Project Office , Interviewed on Wednesday, 28 January 2020, from 10: 30 to 12:30 pm.

¹¹⁹ Interview with Architect Daniel Alemayehu, Senior Consultant on Roads, Railways, Industrial Parks and Condominium Houses, Interviewed on Wed, 24 January 2020, from 2: 30 to 4: 30 pm and Interview with Engineer Kifle Alemayehu, Senior Consultant on Roads, Industrial Parks and Building, Interviewed on Wednesday, 22 January 2020, from 10: 30 to 11: 00 am

4.6. Conclusion

As clearly indicated in chapter two and in the subsequent analytical framework, the emergence of the developmental state is also grounded in the state's capacity to formulate and implement development policies and projects, expand human well-being, enhance equity, and promote economic and social transformation (Johnson 1982: 8, Evans 2008: 4-5, 12 Beeson n.d.: 5, Routley 2014: 161). For instance, Wade linked economic development success in Japan, Taiwan, and Korea with the effective functioning of late industrialisation than other countries (Wade, 1992: 288). While Johnson primarily identifies the importance of deliberate and steady public policies in actualising Japanese economic wonder since the 1920s (1999: 37) as indicated in chapter two. In East Asia's newly-Industrialized countries such as South Korea, Taiwan, Singapore, and Hong Kong, trade liberalisation, related export promotion, and industrial expansion policies have been essential determinants for their rapid development since the 1960s (Doner et al. 2005: 328 and Evans 2008, World Bank, 1993).

In this context, the chapter highlighted the policies and flagship projects the Ethiopian government used to promote the developmental state agenda further. These are the industrial parks, leather industry, roads, railways, and housing development. Ethiopia considers Industrial Park Development (IPD) as one of the primary policy tools for industrialisation. The country has taken important measures, including the formulation of the IP Proclamation and establishing regulatory and implementing organs. The government's policy measures to use industrial park development as an instrument for industrialisation have started to give fruitful achievements as there are more than five industrial parks operating after a few years of the policy measure and many enterprises now work in the parks.

On the other hand, the leather sector demonstrated that Ethiopia is endowed with diversified livestock species, and this has been central to the government's efforts to promote the export-oriented industry. A series of comprehensive hides and skins development policies, programs, and projects were also systematically prepared and launched in the country in order to discourage non-value-add activities and promote value additions on raw hides and skins. The government's policies and strategy contributed to increasing Foreign Direct Investments (FDI) and enhanced local

players – big firms, individual firms, and SMEs in the leather sector. This is witnessed with an increase in FDI flows, new factories' set-up, and an increase in job creation, value addition, and the export sector's growth as indicated in the chapter.

The chapter also indicated that commitment to infrastructure expansion (hard and soft) is another landmark feature of the developmental state. The Ethiopian government has been spending 20 percent of its GDP and more than two-thirds of its budget to re-engineer infrastructures such as roads, schools, health institutions, railways, air transport, hydroelectric and irrigation dams, and telecommunication services. Furthermore, the Ethiopian government wanted to create a modern nationwide railway network through the Ethiopian Railways Corporation. It also developed a master plan for the country and the capital city, Addis Ababa. The condominium housing policy is another area the EPRDF government showed commitment for city dwellers, mainly in Addis Ababa, as the government introduced the Integrated Housing Development Program (IHDP) in 2005. In particular, the IHDP envisages housing as an instrument to promote urban development, create jobs, revitalise the local urban economy through micro and small Enterprise.

The chapter's underlying conclusion is that Ethiopia's government attempted to promote the developmental state agenda using diverse policy interventions. This has had effects not only on the specific flagship project/ sector but also on the country's economic development. However, despite clearly designed policy interventions, the government did not achieve the desired objectives in each flagship project because of diverse challenges such as corruption and late completion of projects and associated problems like high costs and low quality. This led to not actualising the expected structural transformation of the economy in the country. However, as indicated in the second chapter of the study, a developmental state is dynamic, which means it has essential traits such as learning, innovation, and adaptation (Wade 1992: 289, 301; Routley 2014: 171, 289; Amsden 2001: 2). It is pertinent that the Ethiopian government learns from its own experience, and that of other successful developmental states, innovates and adapts to promote its developmental state agenda successfully.

Chapter Five

Conclusions and Avenues for Future Research

5.1. Introduction

This chapter provides key findings, conclusions, and avenues for future research. The chapter revisits the main thesis and research questions of the study. It synthesises the main summaries of each chapter and draws a conclusion from it. The implications of these conclusions are assessed and recommendations made.

5.2. Overview of the preceding chapters

The dissertation is organised into five chapters:

The first chapter provided the introduction, including the study's background and motivation, statements of the problem, objectives, research questions, research design, significance and contributions of the research, limitations of the study, and structure of the dissertation.

The second chapter is the literature review, which looked at the origin of the developmental state's idea and its features from the original and contemporary thinker's perspectives, the changing role of the state in development, and conceptual framework, including debating the developmental state. Key features of developmental state and varieties of the state that claim to be developmental, including examples, particularly the experience of developmental states in Africa, are also analysed in this chapter. Drawing from the literature review and conceptual framework, the chapter also set out the main analytical framework, which identified several interrelated factors that can be cited as explanatory factors for the emergence of a democratic developmental state.

Chapter three, which is the main part of the study, analysed origins, drivers and features of Ethiopia's democratic developmental state. It provided an analysis of data and interpretation of findings. The chapter analysed the empirical findings based on the literature review and analytical framework discussed in chapter two. It also analysed the Japanese factor in early Ethiopian development thinking, how and why the developmental state re-emerged in Ethiopia, general features of a democratic developmental state within the context of Ethiopian experience. The chapter relied on the

quantitative data, namely the survey and the qualitative data generated from KIIs as well as desk research. The chapter concluded that there is an emerging developmental state in Ethiopia without democracy.

Chapter four analysed and discussed case studies as reflections of developmental state policy in Ethiopia. The case studies further examined industrial and other projects implemented under the first Growth and Transformation Plan (GTP) I and II. These are industrial parks development, the leather industry, roads and railways, and condominium housing development. These case studies are considered as flagship projects of the Ethiopian developmental state, among others.

5.3. Key findings of the study

The sub-sections below present conclusions based on the research questions that guided the study. The answer to the research questions helped in reaching the final conclusion and avenues for future research. As reflected in the introduction, the study sought to explore the extent of the democratic developmental state in Ethiopia. In order to answer this broad question, this study addresses the following sub-questions:

- *Sub-question one:* What are the drivers and defining traits of Ethiopia's developmental state?
- *Sub-question two:* How effective have Ethiopia's flagship developmental projects been in fostering economic transformation?

This thesis addressed the core question of the extent to which contemporary Ethiopia represents a democratic developmental state. Based on the extensive exploration and analysis of the information presented in the preceding chapters, the key findings of the study are presented in this study.

With regard to the drivers and defining traits of Ethiopia's developmental state, the idea of and impetus towards a developmental state in Ethiopia has a long history, dating back to the 1920s (see sections 3.2 and 3.3), initially inspired and informed by the Japanese example and by intellectuals of the day. However, the attempt was not effective because of diverse factors, including the lack of willingness and determination of Emperor Haile Selassie to follow the Japanese development model. After EPRDF came into power, the restoration of Ethiopia's developmental state has been influenced

by five interconnected factors. First, the Ethio-Eritrean War (1998-2000) was the leading factor. The Eritreans' attack awakened a sense of unity and nationalism among Ethiopians, leading to Eritrea's defeat. This scenario was an eye-opener for Ethiopian government officials to enhance a sense of nationalism. This also gave impetus to the current Grand National vision of Ethiopia's government (section 3.3).

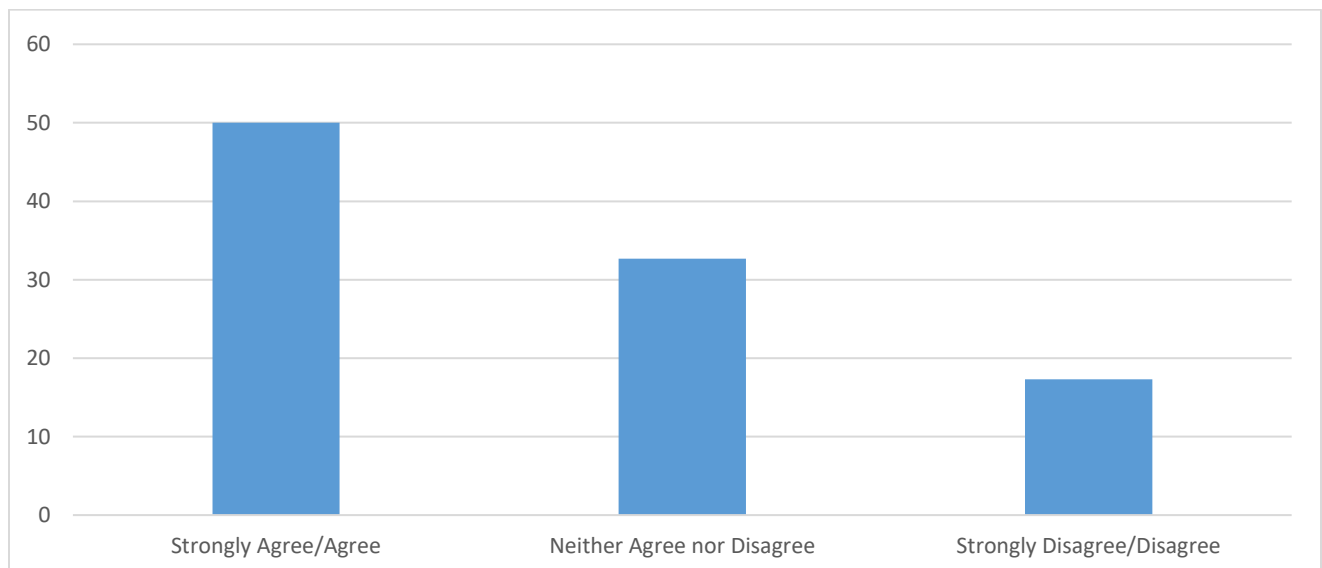
Second, the Tigray People's Liberation Front (TPLF) crisis in 2001 and the subsequent split precipitated Ethiopia's developmental state's resuscitation. Besides the idea differences in the Ethiopia-Eritrea war, there was disagreement within the party about which ideological and development strategies the country should follow. After the split, the group that stayed in power under the late Prime Minister Meles Zenawi affirmed its commitment and determination to follow the developmental state's ideology. In this regard, the regime set out an ambitious development program, intending to transform the nation into a middle income industrialised country by 2025. This gamble seems to have paid off, with the country achieving tremendous economic growth since 2002 (section 3.3).

Third, the 2005 national elections demonstrated that EPRDF's ideology of revolutionary democracy was not accepted by the people, as expected. The party recognised that it must come up with new national development-oriented programmes to win over the people's hearts. The most notable programmes introduced were large housing and infrastructure developments, the promotion of employment in urban areas through cobblestone construction, and setting up small and medium business enterprises (SMEs). To this effect, the late Prime Minister Meles Zenawi's government instituted the idea of a democratic developmental state, as opposed to the preceding ideology of a revolutionary democracy (section 3.3).

Fourth, the Ethiopian developmental state also re-emerged as neoliberalism's ideology failed to generate Africa's expected economic development. Instead, it led African countries into yet another economic crisis with an insecure democracy. This is evidenced at the late Prime Minister's speech at several regional and international meetings and platforms. As a result, Ethiopia's developmental state re-emerged following an extensive pursuit of a suitable economic growth strategy to ensure its immediate and long-term benefits. South Korea, Taiwan, Malaysia, China, and to some extent, Japan shaped the Ethiopian developmental state model. The finding from the survey corroborated this,

highlighting how and why a developmental state is emerging in Ethiopia (i.e., out of the necessity for the incumbent government to stay in power by replicating the experiences of some of the East-Asian countries China, Taiwan, and South Korea) (see figure 62 below).

Figure 62: Developmental State Emerged in Ethiopia as the Incumbent Government Wanted to Stay in Power Replicating the East Asian Countries Experience



Source: Survey Result, 2018.

Fifth, the private sector resorts to rent-seeking and pays insufficient attention to value creation as an easy way of making money. This may have an adverse effect on the economy of the country. The state must free itself from the private sector's influence but it is also expected to institute a mechanism to reward the private sector for promoting developmental values. In the Ethiopian developmental state model, stakeholders are expected to align with the government's development policies and strategies. Small farmers in rural areas (constituting 85 % of the population), and small and medium enterprises in urban areas, serve mainly as a political support base to the government.

As to the policies and institutions required for and of a developmental state (see chapter 2 and section 3.4), the study found that a number of policy initiatives were implemented, and a range of

institutions was created to support the aims and objectives of the developmental state. The study has provided an analysis of whether it is possible to replicate the East Asian developmental state experience as the country aimed to emulate the experience of China, South Korea, Taiwan, and Japan, as indicated in this study (sections 1.2., 2.2.2., 3.3.). Particularly, Ethiopia, since the attempt of a developmental state during the Haile Selassie regime, has thus far made several reforms to achieve a democratic developmental state. The most notable one is the reform from 2001 by the EPRDF to move from revolutionary democracy to a democratic developmental state, which is a commendable improvement considering that the party originated from civil war.

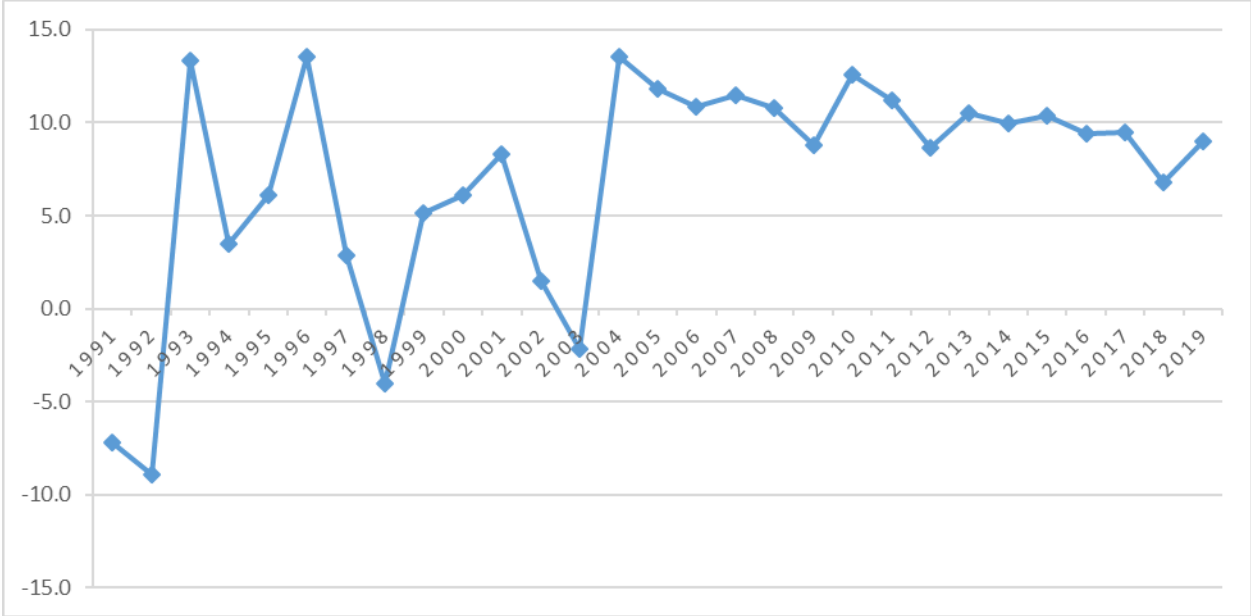
Therefore, this thesis has analysed the institution and policies the government used to advance the developmental state agenda (section 3.4.2.1.), learning from East Asian countries' experience. There has been a series of economic policy planning and reforms since 2002, which have produced remarkable achievements. These are Agricultural Development-Led Industrialization (ADLI), Sustainable Development and Poverty Reduction Programme (SDPRP), Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), and Growth and Transformation Plan (GTP) I and II. It was under SDPRP that the first phase of the developmental state approach was launched. The experience gained from implementing PASDEP was also critical in the formulation of GTP I, i.e., 2010 to 2015.

The government used diverse policy instruments, known as facilitative policies, with those that got prices wrong. These include five-year plans, industrial financing, investment financing, trade financing, export promotion, target setting, devaluation, investment promotion, incentive structure, One-Stop Services (OSS), specialised industrial parks, trade protection, import tariffs, import ban, export ban (crust and semi-finished), state-owned enterprises (SOEs) investment, privatisation, SOEs in strategic areas, sector-targeted instruments and institutional supports as well as nurture sectoral institutes such as Leather Industry Development Institute (LIDI), Ethiopian Horticulture Development Agency (EHDA) (section 3.4.2.1.).

The GTP aims to foster broad-based development sustainably to achieve MDGs. The strategy's focus is not on agriculture but rather on enhancing the service sector's growth and strengthening

the industrial sector's sluggish progress. This resulted in continuous GDP growth over a decade and a half (see figure 63 below). The country has been one of the world's fastest non-oil growing economies in Africa, averaging eleven percent per year compared to the regional average of five percent. If Ethiopia is able to maintain this trend, the country could potentially achieve middle-income status by 2025. The economic development in Ethiopia since 2003 is attributed to two factors: an ambitious developmental state and innovative economic policies. The country formulated such a state model since the 2001 party renewal (TPLF).

Figure 63: Ethiopian GDP growth

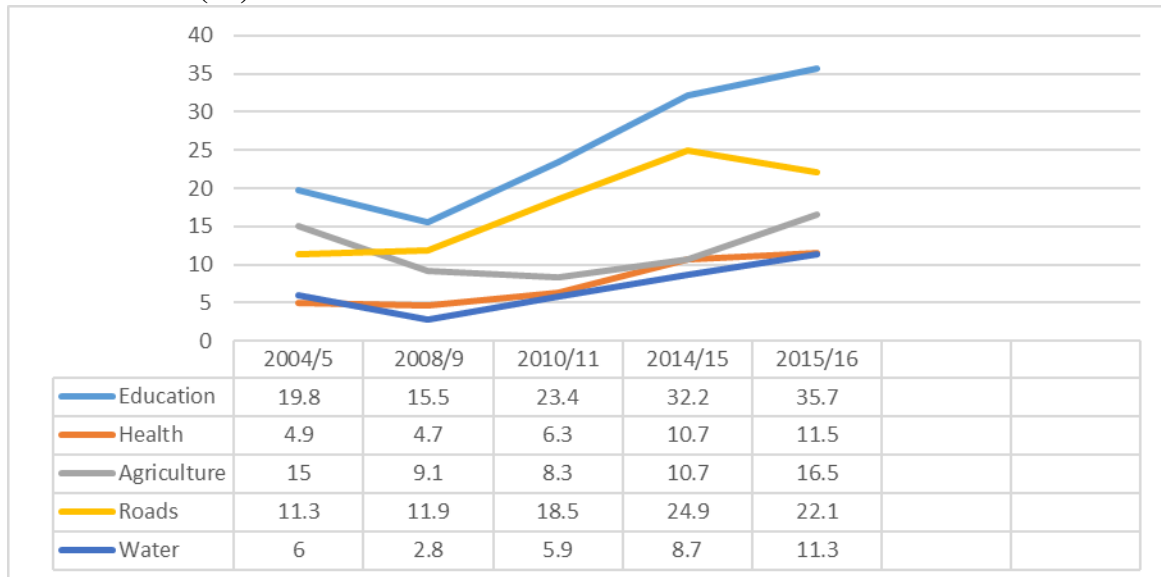


Source: United Nations Statistics Division (UNSD) Data, 1991 to 2019

The country had also registered substantial achievements in the MDGs due to effective pro-poor and social spending. The country has managed to achieve six of the eight MDGs. These are Goal One (eliminate extreme poverty and hunger), Goal Two (realise universal primary education), Goal Four (reduce child mortality rate), Goal Six (ease HIV/AIDS, malaria, and other deadly diseases), and Goal Seven (guarantee environmental sustainability). However, the country is limited in achieving Goal Three (gender equality) and Goal Five (improve maternal health). See Figure 64 below on

trends in Pro-Poor Spending in Total Public Expenditures in Ethiopia from the years 2004/5 to 2015/2016.

Figure 64: Trends in Pro-Poor Spending in Total Public Expenditure in Ethiopia from 2004/5- 2015/16 (%)



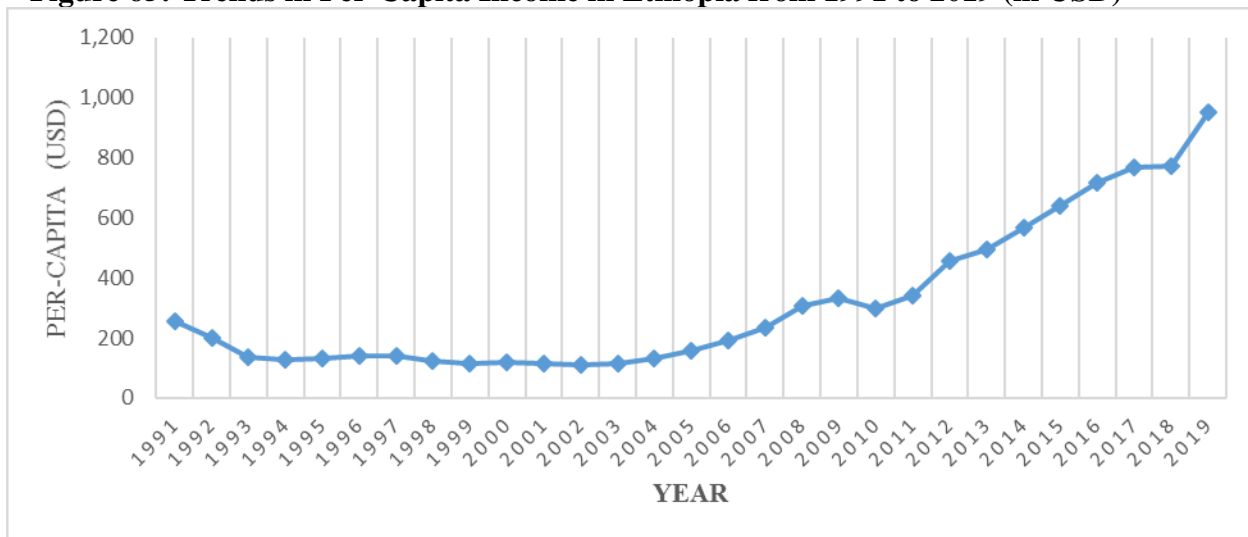
Source: MOFED, and Woldehanna and Mesele, 2019

Correspondingly, the country's per capita income increased significantly from time to time.

For instance, the per capita income in the year 1995 was \$ 133, and in 2007 it increased to \$ 235.

It to \$ 553 in 2014 and above 953 in 2019 (see figure 65).

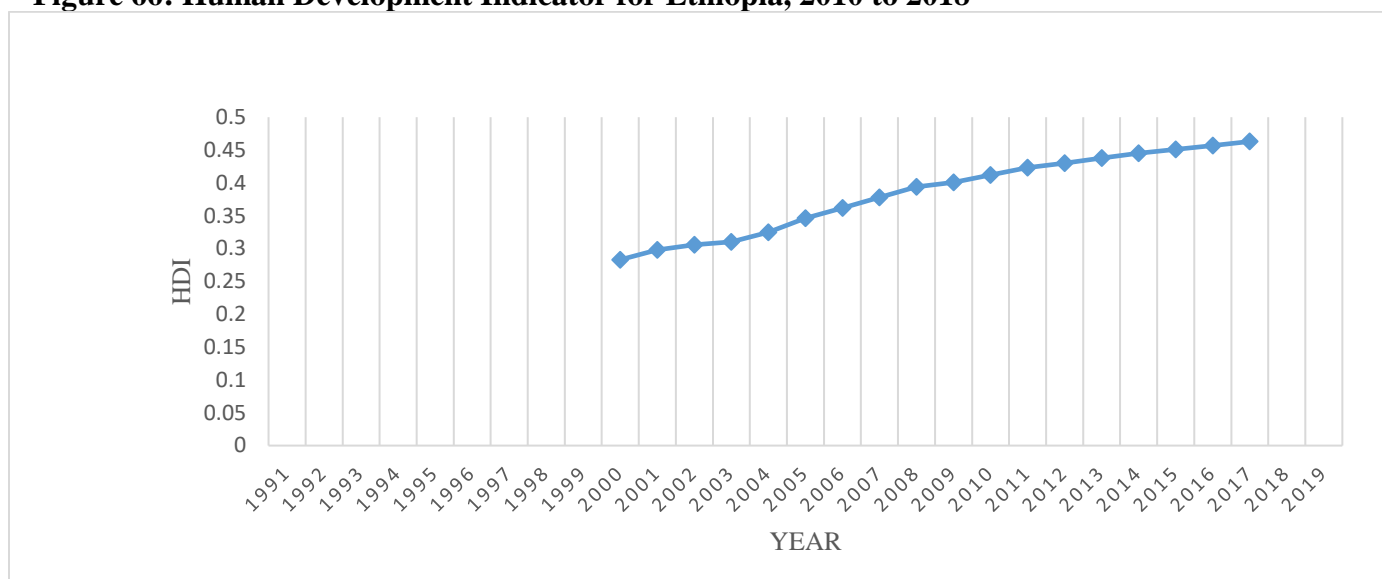
Figure 65: Trends in Per-Capita Income in Ethiopia from 1991 to 2019 (in USD)



Source: United Nations Statistics Division (UNSD) Data.

The country had also made significant progress in its human development index from 0.282 in 1990 to 0.470 in 2018. This is an increase of 65.8 percent, and the country mainly achieved improvements in education, life expectancy, and income. The gains in HDI, however, were not reflected in the country's overall human development ranking. The country ranks 173rd out of 189 countries in the 2018 Human Development Index (see figure 66). The country also reduces poverty from 54 to 22 percent in 1992 and 2018. Life expectancy also increased from 47 years in 1997 to 65.97 years in 2018.

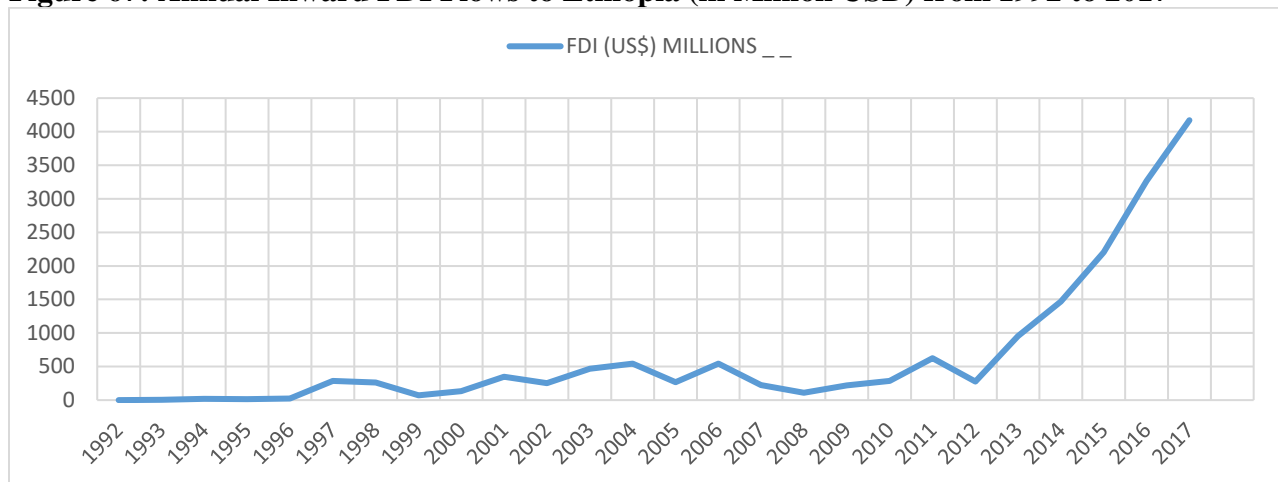
Figure 66: Human Development Indicator for Ethiopia, 2010 to 2018



Source: UNDP, HDI, 1990 to 2018

The government also promoted several interventions to encourage private investment and industrialization in sectors potentially significant to development, such as floriculture, leather production, and endowment companies. In this regard, there has been an increasing amount of FDI flows compared to other African countries. FDI flows to Ethiopia from 2004 to 2010 were 2 percent of the country's GDP, which was much lower than most Asian countries. The volume and flows of FDI, however, have grown from time to time in Ethiopia. FDI flows rose from nil in 1991/92 to 952,959,700 USD in 2013 and surged into \$ 4.1 billion in 2017 (see figure 67). This made the country one of the top largest FDI destinations from amongst the least developed countries.

Figure 67: Annual Inward FDI Flows to Ethiopia (in Million USD) from 1992 to 2017



Source: United Nations Conference on Trade and Development (UNCTAD) Data (1992 to 2017)

The country also managed to formulate a strategy to centralise the rent management system and gear it towards the long-term development goals through the formidable concentration of political and economic power. This had a positive effect on the country's domestic resource mobilisation capacity. Therefore, government revenues increased significantly from 11.2 billion Ethiopian birr in 2006 to 84 billion in 2012. Correspondingly, the contribution of tax to GDP increased gradually from 5.6 percent in 1992 to 11.5 percent in 2011, yet declined to 7.5 percent in 2018. Ethiopia also managed to construct the Grand Renaissance Dam on the Blue Nile, which is the largest dam in Africa, using entirely domestic resource mobilisation. Indeed, boosting the country's domestic resource mobilisation has helped the government in financing large-scale hard and soft infrastructure investments, as indicated in this study (section 4.4.3.2.).

Hence, it can be summarised that some achievements have been gained following the developmental state agenda in Ethiopia. It can be reflected that the Ethiopian state is considerably improving its developmental aspects. The country has registered significant progress in many of the indicators of development, as indicated above.

On how effective have Ethiopia's flagship developmental projects been in fostering economic transformation, the case studies, i.e. flagship projects of Ethiopia's developmental state, namely the industrial parks, leather industry, roads, and railways, as well as the housing development, showcased that using diverse policy interventions, the government of Ethiopia keen ownership and

promotion of the developmental state agenda (Sections 4.2., 4.3., 4.4 and 4.5). This has had effects not only on the specific flagship project/ sector but also on the country's economic development. For instance, Ethiopia's economy has been remarkably growing on average by 11% per annum in the last 12 years.

Despite this remarkable growth, there has been a slow pace of industrialisation and limited structural transformation over the last decade. The critical constraints for industrialisation and transformation in Ethiopia are the lack of capital, foreign exchange, and production and management knowledge. The lessons from successful countries, including China, show that Industrial Parks (IPs) have been principal policy instruments in enhancing economic transformation. It benefits the host country by attracting investment, promoting technological learning, upgrading and innovation, and generating employment.

Ethiopia considers Industrial Park Development (IPD) as one of the primary policy tools towards industrialisation. In this regard, the country has taken important measures, including the formulation of IP proclamation and establishing regulatory and implementing organs. The government's policy measures to use industrial park development as an instrument for industrialisation has started to give fruitful achievements. Prior to the policy measure, the Eastern Industrial Park, located in Dukem, was the only industrial park in the country. The industrial sector in the nation has substantially expanded, and currently, more than five industrial parks are operating after a few years of the policy measure. Following the flourishing of industrial parks, many enterprises are now working in the parks. The Chinese companies' contribution to the design, construction, and development of the parks is substantial. Chinese investment in Ethiopia is also developing rapidly, including an industrial park, manufacturing, assembly of mechanical and electrical products, building materials, energy, mining, agriculture, and other fields.

The leather sector demonstrated that (section 4.3.) Ethiopia is endowed with diversified livestock species, and the sector has been central in the government's efforts to promote the export-oriented industry. A series of comprehensive hides and skins development policies, programs, and projects were also systematically prepared and launched in the country in order to discourage non-value-add activities and promote value additions on raw hides and skins. The government also developed a vision for the sector: "Ethiopia would be Africa's largest manufacturing hub for leather products,

mostly using high-quality raw hides and skin and leather produced in the country” and an institution that can support the sector LIDI. The government also planned to build industrial parks dedicated wholly to leather production, such as Modjo Leather City. The government’s policies and strategy contributed to increasing Foreign Direct Investments (FDI) and enhanced local players – big firms, individual firms, and SMEs in the leather sector.

This is witnessed with an increase in FDI flows, the establishment of new factories, and an increase in job creation, value addition, and the export sector’s growth. Thus, the average value of Leather and Leather Products (LLP) exports went from an average of 53 million USD between 1996 and 2000 to 135 million USD between 2013 and 2017. The shift to higher value-added products almost doubles employment in the sector from 2012/13 to 2017/2018. The sector provided better employment opportunities because of the growth of the footwear subsector.

As indicated in this study (sections 2.2.2., 3.4.2.8., 4.4.), commitment to the expansion of infrastructure (hard and soft) is another landmark feature of the developmental state. Even under neoliberal ideology, governments do have a crucial task in providing public goods, which may not be provided by the private sector, such as the promotion of hard infrastructure like roads and railway, among others. As one of the case studies, an analysis is made of hard infrastructure development policy and practice in Ethiopia, focusing on roads and railways.

The Ethiopian government has been spending 20 percent of its GDP and more than two-thirds of its budget to re-engineer its infrastructures, such as roads, schools, health institutions, railways, air transport, hydroelectric and irrigation dams, and telecommunication services. In particular, Ethiopia’s road network has shown improvements year by year as the government developed the Road Sector Development Program (RSDP), which enabled the government to allocate a quarter of the Ethiopian federal government's annual infrastructure budget on road projects. Accordingly, towards the end of the fiscal year 2017/2018, Ethiopia had 120,171 kms (74,670 miles) of all-weather roads, which roughly makes up about 32% of the required road network in the country. In the same fiscal year, 33.9 billion birr (1.24 billion \$) has been invested in road construction by Ethiopia’s government (GOE).

Through the Ethiopian Railways Corporation, the Ethiopian government wanted to create a modern nationwide railway network and developed a master plan for the country and the capital city- Addis

Ababa (section 4.4). Among the master plan, the Addis Ababa-Djibouti railway (which is already completed and started to provide services- passenger and freight), Weldiya-Awash (completed and not yet started services). On the other hand, among the five layers planned to be built in Addis Ababa, the first layer is completed. Associated opportunities such as building new roads in rural areas, digging wells, and employment opportunities were created. This shows the government's willingness and capacity to develop a vision and plan for the railway sector and mobilise potential partners' resources.

Condominium housing policy is also another area the EPRDF government showed commitment for city dwellers, mainly in Addis Ababa, as the government introduced the Integrated Housing Development Program (IHDP) in 2005 (section 4.5.). Furthermore, to reduce housing problems, the government has maximally allocated urban land by building a row of condominium houses, which is assumed to improve the municipal land use and supply of housing by benefiting many people and enabling a common property to hold a small size of urban land.

In this context, the government developed a vision for middle and low-income urban residents through IHDP. The IHDP also aims to achieve middle-income status by 2025. In particular, the IHDP envisages housing as an instrument to promote urban development, create jobs, revitalise the local urban economy through micro and small enterprise.

Nonetheless, the program has not met its original targets of constructing 400 000 condominium units between 2010 and 2015. Instead, it has built 171 000 housing units up until the end of 2017. As indicated in this study (section 4.5.), several factors can be cited for the poor achievement, including the politicisation of the project as the construction opportunities were given to individuals and SMEs that have connections with government officials and the party in power. This resulted in the selection of consultants and contractors that are not competent and reliable, absence of useful methods and systems in purchasing and finance and supply management, slow speed in decision making, poor in planning and leading and controlling the project activities, lack of leadership skills of a project manager.

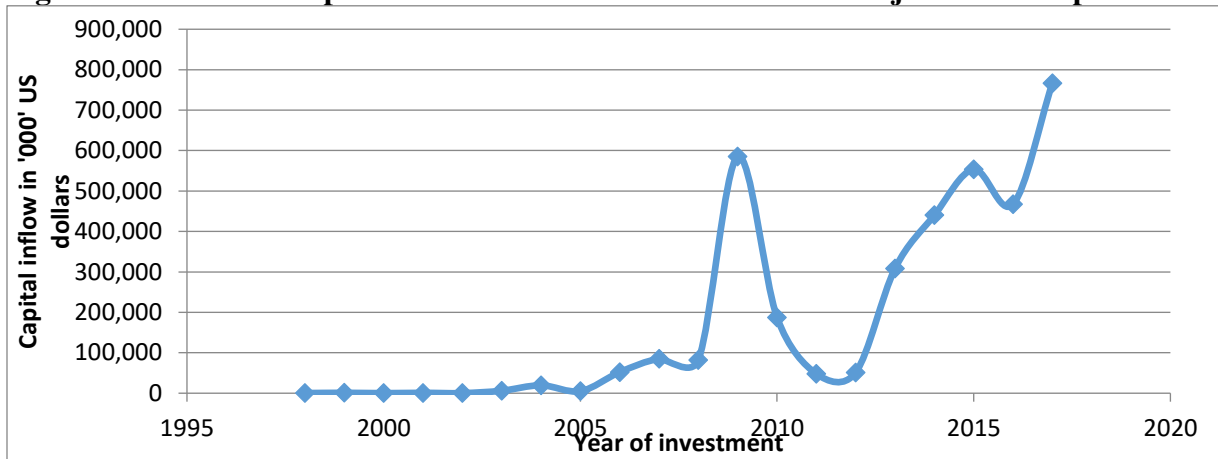
With regard to whether the global environment is conducive to Ethiopia's developmental state agenda or not; this study has argued from the beginning that internal factors and external geopolitical factors are also important for the viability of developmental states (section 2.2. and subsection

2.2.1.). For instance, free access to Japan's major export market and cheap technology transfer contributed to the country's development. It can be further argued that the Cold War setting contributed to the development of Asian economies. Korea and Taiwan enjoyed huge development assistance and support from the USA as they were the "fault line" of Cold War global politics. These countries' geographical proximity, cultural similarity, and historical familiarity with Japan created a pertinent economic development influence. This influence was evident both in trade and in the emulation of Japan as a role model of development.

In the same manner, the role of China in providing development assistance for hard infrastructure such as roads, railways, bridges, and energy generation to Ethiopia could not be undermined. On the other hand, Western countries have been providing support for soft infrastructures such as health, education, capacity development, and security-related issues. In particular, Chinese support for the developmental state agenda of Ethiopia is evident for various reasons. Bilateral trade between Ethiopia and China has been expanded rapidly. China is currently Ethiopia's top trading partner. Ethiopia gained from China's zero-tariff policy on agricultural imports, and there was a dramatic growth in its agricultural exports (such as sesame) to China. China is also a significant source of manufactured goods and machinery for Ethiopia. Despite being primarily an agricultural exporter, it has attracted significant volumes of Chinese official financial flows and foreign direct investment (FDI).

China's investment in Ethiopia ranks first both in the number of projects and in the registered capital among all foreign investment projects in Ethiopia (see figure 68). This signifies the prominence of Ethiopia-China economic relations for various intents and purposes in Ethiopia, such as job creation, technology transfer, and economic growth. In the case of investment capital, China is still the leading country in Ethiopia's contemporary foreign investment, followed by Saudi Arabia, Turkey, and India.

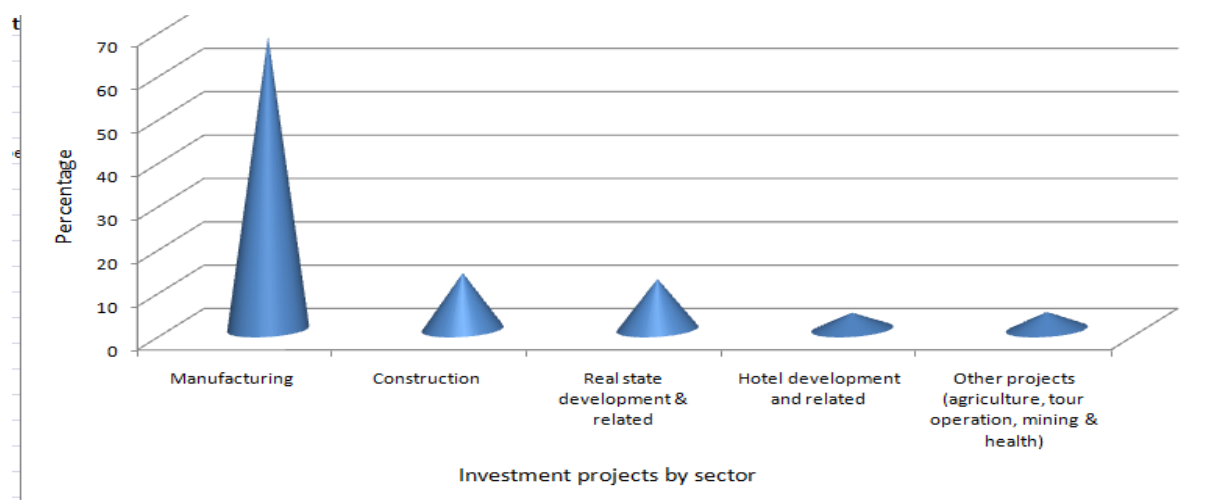
Figure 68: Trend of Capital Inflow from Chinese Investment Projects in Ethiopia



Source: Computed based on data obtained from the Ethiopian Investment Commission (EIC).

In addition to companies exclusively of Chinese origin investing in Ethiopia, there are also Chinese joint venture partners from about 20 countries, such as Australia, Canada, Ethiopia, Finland, France, India, Italy, Malaysia, Netherlands, Sudan, Turkey, South Africa, the United States of America (USA) and the United Arab Emirates (UAE). The Chinese investment projects have created an extensive opportunity for the transfer of technologies and skills as they are found investing in multiple sectors like agriculture, manufacturing, mining, health, hotel and restaurants, tour operation, transport and communications, construction, water well drilling, and wholesale trading (figure 69). In addition to its substantial current contribution in various aspects (such as job creation, foreign currency payment, and technology transfer), the Chinese co-investment approach plays an enormous role in promoting Ethiopia as a favourable investment destination country.

Figure 69: China-Origin Investment Projects by Sector in Ethiopia/August 1998–December 2018



Source: Computed based on unprocessed data obtained from EIC

As indicated in the case study, the Chinese Industry Park Development project is another opportunity adapted from the Chinese approach to realising integrated industrialisation and accelerated structural transformation of the economy. Also critical in transferring skills are the railway construction and management projects. As indicated in the case study section (4.4), Ethiopia has developed integrated and high-capacity railway lines for freight and passengers. Chinese companies are the leading contractors in the ERC’s project. Two of the projects have already been completed: the Addis Ababa-Djibouti and Addis Ababa Light railways, and other railway projects are under construction at different stages. An electrified 31.6km-long Addis Ababa Light Railway (AALR) and a 752-kilometer AA-Djibouti railway have already started operations in 2015 and 2018, respectively (section 4.4.).

China also cancelled and restructured some of the loans to Ethiopia. A good example is the cancellation of a loan to finance the Megenagna-Kebena Square-Arat Kilo Road Project, which was planned to be co-financed by the Government of the People’s Republic of China and Addis Ababa City Administration. China also agreed to restructure some of its loans, including the one for the \$4 billion railway linking Addis Ababa with Djibouti, a \$2.5 billion Addis Ababa-Sebeta-Mieso-Dewale road project, the \$290 million Omo No 2 and 3 Sugar Projects. Ethiopia gets over

\$430 million (the form of savings from marginal interest and the grace period obtained) from the rescheduling of the Addis Ababa-Djibouti Railway Project (section 4.4.2. and 4.4.3).

There are numerous ongoing projects in Ethiopia being funded by China through different loans (commercial, concessional, and interest-free) and aids. These include, but are not limited to, Addis Ababa City Electrical Service Rehabilitation Project, a \$98 million worth Bole-Lemi and Kilinto Industry Zone power transmission project (under construction by a Chinese company TBEA Contractor Ltd), a \$45 million worth Meles Zenawi Leadership Academy (under development by China Wuyi Co.), Kaliti roundabout-Tulu Dimtu and Kaliti-Bulbula-Kilinto road projects (financed by the Ethiopian Government and a loan from EXIM Bank of China), Dire Dawa-Dawale road project, several other sugar projects (Kesem, Wolqait, and OmoKuraz no 5) and Bole International Airport Terminals.

Ethiopia is currently benefiting from the technologies and skills transferred to it from East Asian countries such as China, Japan, and South Korea, and adapted to local contexts. The vast Chinese manufacturing and construction projects in Ethiopia are introducing new approaches to meeting the targets within a short time and less energy, but at superior quality. Kaizen, a Japanese business philosophy of continuous improvement in working practices, is another crucial example that has been implemented in the manufacturing sector in particular, predominantly since the establishment of the Ethiopian Kaizen Institute in October 2010. The South Korean way of business management strategy (business process re-engineering) is a worthwhile approach that has been adapted to the Ethiopian civil service sector for over a decade (section 3.3; 2.2.2.).

As also noted above, Western countries and institutions, mainly the UK, the US, and the World Bank, have been providing support to the EPRDF government. The support from these countries and WB had been going mainly to soft infrastructure such as education, health, capacity development, budgetary support, and military aid. Ethiopia is still among the top three recipients of aid/ ODA from DAC and OECD member countries among sub-Saharan African (SSA) Countries. Several reasons provided for such aid flow to Ethiopia. These are the EPRDF government is allying to Western countries in the fight against terrorism in Horn of Africa

countries; Ethiopian foreign policy is also projected to both Western and Eastern countries; Ethiopia is also a diplomatic city of Africa as the African Union, UNECA and UNDP regional office in Africa is based in Addis Ababa as well as Ethiopia is a stable and peaceful among Horn African countries. The country also has market potential for Western countries as the country has over 100 million people.

Accordingly, Ethiopia is the beneficiary of the African Growth, and Opportunity Act (AGOA) of the USA extended to SSA countries and Everything But Not Arms (EBA) of the European Union. These two initiatives gave access to products coming from Ethiopia to the US and European markets. Because of these, many companies from China, Turkey, Saudi Arabia, and India invest in Ethiopia in order to export to the USA and EU markets. In summary, even though the globalised world is not in favour of poor African countries, Ethiopia has been trying to project its foreign policy to both the Western and Eastern countries in order to make the most of the opportunities coming in these countries, such as access to their market, support in hard and soft infrastructure among others (see sections 2.2.2; 3.3.; 3.4.2.8).

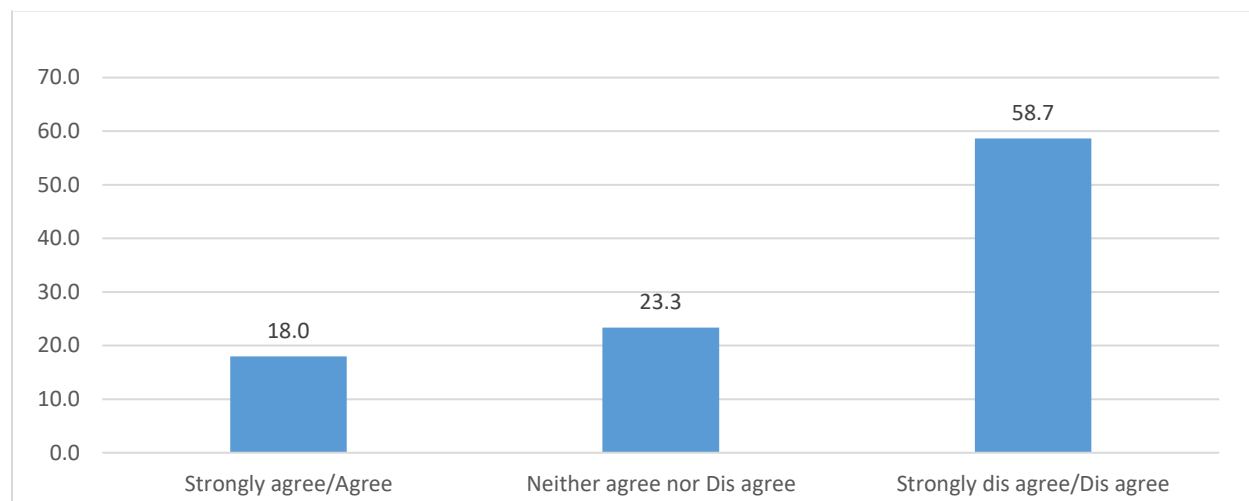
Can the Ethiopian state be characterised as both developmental and democratic? According to the study's findings, Ethiopia can be characterised as an emerging developmental state without democracy. With two broad classifications (subsection 3.4.3.12), the study analysed the extent of Ethiopia's democratic developmental state. These are general features of developmental states in Ethiopia and the democratic governance system in the country. The chapter's main finding is that there is an emerging democratic developmental state in Ethiopia, although it is not without challenges. From the first part of the study's analysis, i.e. on the general features of developmental states in Ethiopia, some areas have shown promise (gained positive responses). These are: Ethiopia has a development ideology, institutions, norms, and standards that can support the development process; relative state/government autonomy, especially in formulating and implementing policy; hard and soft infrastructure development; and Ethiopia's strategic integration with the rest of the world on the general features of the developmental state within the context of the Ethiopian experience.

However, from the analysis of the questionnaire prepared for the survey, it can be summarised that the participants as a group reflected low ratings about the notion of the prevalence of a developmental state in Ethiopia. In particular, on the following indicators: disciplined economic planning as a process aimed at transforming the structure of the economy; the presence of development-oriented leaders with a succession plan; the ability to build transformative institutions, typically a strong and competent merit-based bureaucracy; corruption in the civil service; efficient rent management (government revenue from different sources) and its orientation to long term investment by policymakers; citizens' participation in development; putting in place appropriate policy and procedures with effective mechanisms; access to government services- water, electricity and other utilities; private sector development; local government administration; and peace, political stability, and predictability in governance.

On the other hand, this thesis also analysed the extent of democratic governance in the country. The findings both from the survey and KIIs, however, indicates that except for a few indicators such as women's representation in governance and development process; and youth representation in governance and development processes, it can be summarised that the participants as a group have a negative attitude towards the notion of the prevalence of a democratic developmental state in Ethiopia. Overall, the analysis reveals that there is much room for improvement in the areas of democracy. It is essential to address these issues to achieve a democratic developmental state in Ethiopia.

Furthermore, in order to understand the possibility of achieving development and democracy simultaneously, a general question was formulated. In this regard, the participants were presented with whether they believe that the Ethiopian state can simultaneously achieve development and democracy. Accordingly, the survey result reveals that 18% of the participants agree that Ethiopia can achieve the twin goals of developing nationally (development and democracy) simultaneously, 23.3% of them neither agree nor disagree with this perception while the remaining 58.7% disagree (see figure 70).

Figure 70: Achieving Development and Democracy Simultaneously



Source: Survey Result, 2018

As indicated, most participants do not perceive Ethiopia’s government to achieve both democracy and development simultaneously. This is a clear indication that the governance system in Ethiopia, although it has made some progress towards achieving democracy, such as women and youth representation in the parliament; a constitution that reflects democratic and human rights; having diverse democratic institutions such as the Parliament, the Ethiopian Human Rights Commission, Federal Ethics and Anti-Corruption Commission; institutionalising the ruling political party (EPRDF)¹²⁰, still it has not yet earned the trust of its citizens in ensuring democracy. This shows that the Ethiopian state needs to work on both development and democracy to become a democratic-developmental state.

On what has contributed to or constrained (challenged) the democratic developmental state process in Ethiopia and possible lessons learned, Ethiopia is among the few African countries having emerging experience of developmental states. Diverse factors contributed to an emerging

¹²⁰ As earlier noted the EPRDF was founded in May 1988 by four political parties. These are the Tigray People’s Liberation Front (TPLF), Amahra National Democratic Movement (ANDM), Oromo Peoples Democratic Organisaion (OPDO) and Southern Ethiopian People’s Democratic Movement (SPDM). EPRDF was highly criticised as a political organisation or party dominated by TPLF- Tigrayan Elites led by the late Prime Minister Meles Zenawi for over 20 years (from 1991 to 2012). Yet, the EPRDF showed some kind of institutionalisation as Meles successor - Prime Minister Hailemariam Desalegn - was from SPDM and the current Prime Minister Abiy Ahmed came from OPDO.

democratic developmental state in Ethiopia. These are: First, after the Tigrayan People's Liberation Front crisis in 2001 and the subsequent split, the party that stayed in power under the late Prime Minister Meles Zenawi showed political willingness and commitment to follow a democratic developmental state intending to transform the nation, with a clear vision, into a middle income industrialised country by 2025 (section 3.3). This commitment was resulted from the emulation of the East Asian countries' experience, which managed to develop in a few decades. As a result, the government brought promising results as indicated above in economic growth, poverty reduction, per capita income, attracting FDI, and increased HDI.

Second, this commitment was backed by developing policies and institutions and attempting to follow a developmental ideology. As noted above, the government used diverse economic policies such as the five-year plans (GTP I and II), industrial financing, investment financing, trade financing, export promotion, target setting, devaluation, investment promotion, incentive structure, One-Stop Services (OSS), specialised industrial parks, trade protection, import tariffs, import ban, export ban (crust and semi-finished), state-owned enterprises (SOEs) investment in strategic areas such as the airlines, telecommunications, sector-targeted instruments, and institutional supports as well as nurture sectoral institutes such as Leather Industry Development Institute (LIDI), Ethiopian Horticulture Development Agency (EHDA). The government of Ethiopia also established many institutions to address specific problems that were hailed as successful. These are the Ethiopian Commodity Exchange (ECX), Agriculture Transformation Agency (ATA), Federal Ethics and Anti-Corruption Commission (FEACC), Civil Service University (CSU), Small and Medium Enterprises Agency (SMEA), Merchandise Trade Enterprise (MTE), Ethiopian Tourism Organization (ETO) and the Planning Commission (PC) (section 3.4.2.1; 3.4.2.11).

Third, the Ethiopian government's autonomy in formulating and implementing policies helped introduce and promote the developmental state agenda in the country and experimentation. Historically, Ethiopia's government has been strong within and free from external influence, which is partly attributed as the country was not colonised. This helped the government to possess adequate command, independence, capability, and legitimacy to realise developmental goals (section 3.3.). This also gave government an opportunity to experiment with the policies of the developmental state.

Fourth, the government's continuous commitment to infrastructure development, both hard- roads, railways, and soft- education, health and etc, backed by pro-poor spending, helped the government promote the developmental state agenda and get attention and support from citizens (section 3.4.2.8.).

Fifth, establishing a functioning and capable democratic developmental state in Ethiopia could also encounter several challenges at the global level. This is principally the unfair global political and economic system that is dominated by Western countries and institutions. This, however, can be countered with emerging South-South cooperation. This is for the reason that African countries, including Ethiopia, not only can learn from the developmental state experience of East Asian countries but also supported East Asian countries and BRICS in their attempt to build a developmental state. The South-South cooperation also enhances the country's bargaining power against the North. For instance, development assistance from China helped to finance infrastructure-related projects in Ethiopia while the country continues to get support from Western countries in soft infrastructure like health, education capacity development, and military support (section 3.4.2.8).

Nonetheless, the country is still challenged by different problems to actualise its democratic developmental state agenda. As indicated in this study, the challenges are both in relation to the developmental state agenda and democratisation process. For instance, Ethiopia has several problems on the economic front that challenge the prospect of a developmental state. The most notable ones are the lack of economic transformation, poverty, unemployment, and weak private sector. The structure of the economy has remained virtually unchanged for about two decades and is reliant on agriculture. The sector contributes a significant share of the GDP (around 46 %), 83 % and 80 % of the export and labour force. However, the sector lacks an industrial base and the required focus on the creation of wealth to promote internal development. Accordingly, the domestic capital formation is negligible, which has adverse effects on financing and the promotion of developmental state projects. The country still has over 25 million people living in absolute poverty, food insecurity, and shocks (section 4.2.1).

Moreover, the country is still dependent on aid. In fact, one-third of the country's budget is from development partners. Unemployment and underemployment are also major challenges of the

country. Around 2.5 million fresh graduates are entering the economy each year. This number is expected to increase to 3.2 million a year in 2050. This scenario demands as many high-quality jobs as possible. Unemployment, in particular, highly affected women in the country (section 3.4.2.8).

In addition, the Ethiopian developmental state is not friendly to the private sector. In particular, there is resentment against party-owned businesses. These are the Endowment Fund for the Rehabilitation of Tigray (EFFORT), Amhara Endowment Fund (Tiret) supported by ANDM; Endowment Fund for the Development of Oromia (Tumsa) supported by OPDO, and Endowment Fund for the Development of Southern Peoples (Wendo) supported by SEPDF (section 3.4.2.13). The most notable one is EFFORT. It was established in the mid-1990s with resources donated by the TPLF and led by the party's senior member. EFFORT owns around 16 corporations functioning in diverse sectors of the economy, such as agro-processing, export, industrial, mining, construction, and service. Indeed, these companies have been helpful for rapid capital accumulation and investment as well as economic development. The major questions, however, raised are (i) the issue of equity in ownership as the majority of them are owned by TPLF; (ii) the issue of corruption as most of them are not adequately managed, did not pay tax, and were not appropriately audited; and (iii) ultimately, it raises the issue of political settlement (section 3.4.2.13).

Though the government of Ethiopia managed to invest a lot in infrastructure development, yet the country is still among the bottom ten performing African countries (50th among 54 African countries), according to the Africa Development Bank's (AfDB) Africa Infrastructure Development Index (AIDI)- 2018. Although the country improved its overall infrastructure development index, electricity, water supply, and sanitation composite indexes, it still ranks low in transport and ICT indices.

In addition to the above economic challenges, there is still a long way to go to ensuring democratic governance. This can be evidenced by the study's findings analysed in chapter three of the study, which clearly indicates that the democratic aspects of the Ethiopian state need to undergo significant improvements. Only women and youth representation in parliament are strongly evident in Ethiopia's governance system, while a range of democratic governance indicators are

in the red. The most notable political challenges are the weak commitment to the democratic governance system, corruption, and restricted civil liberties.

There is contention between the notions of democracy and development as well as the equilibrium amid bureaucratic autonomy. These challenges are visible in the Ethiopian emergent developmental state, in particular regarding the freedom of political parties and civil society freedom after the controversial 2005 elections. Indeed, as indicated in this thesis, civil society is the weakest link in most developmental states. This is evident in the Ethiopian emerging developmental state. Civil societies' operations were severely restricted, particularly those that have been engaged in democracy and human rights-related issues.

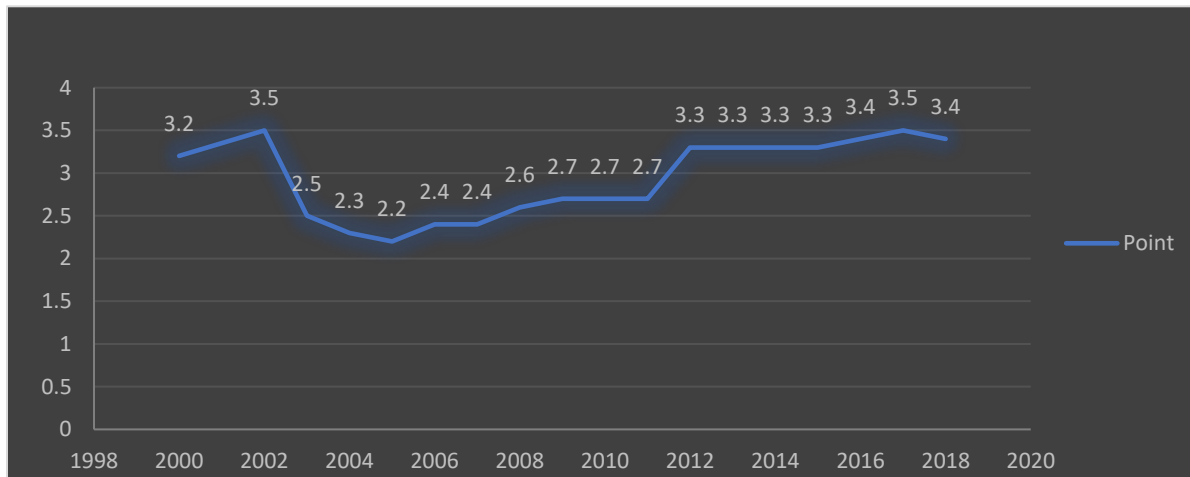
This followed Proclamation number 621/2009 on civil societies. According to the Proclamation, civil societies that would like to engage in democratic governance and human rights-related issues must generate 90 percent of their budget from within the country. In contrast, foreign civil society organisations are not allowed to participate in democratisation and advocacy related issues. In 2015/16 alone, around 299 civil society organisations closed, and most of them were local NGOs. Furthermore, Proclamation number 590/2008, Freedom of the Mass Media and Access to Information and Proclamation 652/2009 on Anti-Terrorism deterred freedom of expression, association, and assembly (section 3.4.3.8).

In this regard, the EPRDF government is labelled as an authoritarian developmental state. It is characterised by access to power through social uprising/revolution; control of every facet of the society; enforce draconian laws on civil and political rights; government intervention into the economy; aggressive mobilisation of the population for development efforts and tense relationship with Western countries because of human and democratic rights related issues. The unrest in the country (from 2015 to 2018 until the new Prime Minister, Dr Abiy Ahmed, came into office) is testimony to this allegation where hundreds of people died, and several were imprisoned in Oromia and Amhara regions.

Corruption is also another formidable governance challenge in Ethiopia. The trend in the past eighteen years (2000 to 2018) indicates that corruption hardly improved in the country as it consistently scored below five in the Transparency International (TI) Corruption Perception Index (CPI) (See figure 71 below). Some sectors are profoundly affected by corruption. These are the

construction sector, land management, customs, public procurement, tax, telecommunications, and pharmaceuticals. Some others still argue that grand or systemic corruption is less in Ethiopia than in other African countries. However, grand corruption has still been witnessed in the country in relation to the sugar project and the Grand Ethiopian Renaissance Dam. For instance, in relation to the dam alone, more than 48 billion birr was corrupted in METEC contracted projects alone (see subsection 3.4.3.6).

Figure 71: Trends in Corruption Perception in Ethiopia from 2000-2018



Source: Transparency International Corruption Perception Index (TI-CPI)

The civil service (bureaucracy) is also mired in challenges. The series of civil service reforms in the country did not succeed in creating the needed transformation because of a lack of selectivity in focus and the absence of proficient staff. Moreover, critics argue that party loyalty is more important than meritocracy in the civil service, particularly since the 2005 controversial election. The ethnic federal arrangement has also affected the free movement of labor and capital across the country. The major industries in the country are in the vicinity of Addis Ababa and few regional government cities.

Findings from the case study also revealed that there had been a lack of adequate participation of experts (professionals) and the public on flagship projects executed by the government, including industrial parks, roads, and railways. This resulted in a lack of transparency and accountability and a lack of monitoring, evaluation, accountability, and learning as well as a high cost and time to complete low-quality projects.

While Ethiopia faces diverse challenges, the country's attempt to follow a developmental state provides important lessons. No matter the type of regime (democratic, authoritarian, or hybrid), if there are appropriate policies and institutions backed by political willingness and determination to grow and develop, it is possible to bring development. Furthermore, the country's attempt to grow must be backed by performance-oriented leadership with a good succession plan, state/bureaucratic autonomy and embeddedness, production-oriented private sector, commitment to the expansion of social and physical infrastructure, planning and strategic interventions, state's capacity/capability to formulate and implement development policies, learning, innovation and adaptation, and conducive external geopolitical factors. These are also great lessons to learn from the successful developmental state model.

5.4. AVENUES FOR FUTURE RESEARCH

Considering the findings from the study, the following avenues for future research are forwarded to promote the democratic developmental state in Ethiopia.

5.4.1. Issues for Future Studies

The study findings have indicated that although there is an emerging developmental state in Ethiopia (a few indicators showed promise), the progress in a democracy is flat. This study focuses on the regimes of Prime Minister Meles Zenawi (from 1991 to August 2012) and Prime Minister Hailemariam Desalegn (from 2012 to February 2018). They are characterised as having an emerging developmental state without democracy. However, noting the challenge of democracy in these two regimes, the country has been undergoing reforms¹²¹ (in order to democratise the country) after Prime Minister Abiy Ahmed came to power in April 2018. Accordingly, future studies should focus on the

¹²¹ Several reforms were undertaken by Prime Minister Abiy Ahmed. These are the previous Media (Mass Media and Freedom of Information of 2008) and Civil Society Proclamations (Charities and Societies Proclamation, No. 621/2009) as well as the Anti-Terrorist Proclamation of 2009 were changed. Several political prisoners were released and different groups labeled as terrorist in the previous regimes were invited and allowed to enter the country and continue in peaceful struggle by forming political parties. He also reformed the military, which was dominated by the Tigrians (TPLF) before. Mr. Ahmed also reformed the National Electoral Board of Ethiopia (NEBE), Ethiopian Human Rights Commission (EHRC) in order to expand the democratic space and other reforms in order to enhance the role of the private sector among others.

extent to which this reform will promote a democratic developmental state in Ethiopia (democratisation agenda in the country).

As a developmental state, Ethiopia has invested considerably in its airlines and managed to partner in some state-owned airlines in Africa. Despite the international competition, the Ethiopian airline has expanded, modernised its fleet, and developed its infrastructure. The airline trains pilots, technicians, hosts across African countries, and provides maintenance service. It secured Boeing 777s, and it is the first airline in Africa that acquired the Boeing 787 Dreamliner and Airbus. This is a subject for further study on policies used by the Ethiopian government in order to build a successful state-owned airline's developmental model as well as how a government can use a public enterprise to support industrial policy and development as the airline help to export floriculture and other industrial park products such as shoes, gloves and other leather products to Europe, Japan, US, and other countries.

Furthermore, with resource mobilisation entirely from within the country, the Ethiopian government has built the Grand Ethiopian Renaissance Dam, the largest hydroelectric power plant in Africa. The total cost of the dam is expected to be around \$5 billion. This is another success story of the Ethiopian developmental state and is a case for further studies on how the country managed to do so as there are huge energy deficits in most African countries. Ethiopia also rapidly developed the floriculture and cement sectors, which resulted in foreign exchange earnings, export diversification, employment generation, and linkage effects. These two sectors are cases for future studies in order to understand a range of industrial policies and institutions used by the government.

Finally, the Ethiopian government has since 2009 wanted to build massive sugar projects across the country. Yet, critics argue that the sugar projects were not successful, and this is another area for future studies on how the projects failed. The same can be said with FDRE Metals and Engineering Corporation (METEC), a corporation under the national defence. It was established in 2010 and responsible for the production of military equipment and products for a large project like the Grand Renaissance Dam. However, more than 48 billion birrs were corrupted in METEC contracted projects alone. As a result, the head of METEC, Brigadier-General Kinfu Dagne, was imprisoned in 2019 because of the money lost as a result of corruption in the organisation. This is another future research agenda on why METEC failed to deliver the expectations and what lessons can be learned.

5.4.2. On the developmental state agenda

Ethiopia's government made progress in relation to a few developmental state indicators, as reflected in this study. These are: Ethiopia has a development ideology, institutions, norms, and standards that can support the development process; relative state/government autonomy, especially in formulating and implementing policy; hard and soft infrastructure development; and Ethiopia's strategic integration with the rest of the world.

Nonetheless, there are still areas for improvements such as disciplined economic planning as a process aimed at transforming the structure of the economy; the presence of development-oriented leaders with a succession plan; the ability to build transformative institutions, typically a strong and competent merit-based bureaucracy; corruption in the civil service; efficient rent management (government revenue from different sources) and its orientation to long term investment by policymakers; citizens participation in development; putting in place appropriate policy and procedures with effective mechanisms; access to government services- water, electricity and other utilities; private sector development; local government administration; and peace, political stability, and predictability in governance. As indicated in the literature review, the developmental states were successful in promoting these features. The Ethiopian government's willingness, determination, and commitment in order to encourage such elements of a developmental state are vital to building a successful developmental state.

5.4.3. On the democratization agenda

Although the government officially adhered to the democratic developmental state agenda as indicated in government and EPRDF official documents, the finding from this study indicated that the practice of democracy in the country is wanting. Only two indicators showed promise – women and youth representation. The rest of the indicators such as free, fair, and credible election, democratic pluralism, government respect for the rule of law, legislative control of the executive branch, and the judiciary's independence, among others, are in the red.

The majority of the participants responded negatively to the investigation of the government's ability to address these specific issues efficiently. Overall, the analysis reveals that there is much room for improvement in the areas of democracy. It is essential to address these issues to achieve a democratic developmental state in Ethiopia, as indicated in official documents. Indeed, as indicated in this study,

there is difficulty in achieving both democracy and development in tandem, which makes a democratic developmental state a rare bird on the developmental scene.

However, Ethiopia may take lessons from the countries with democratic developmental experiments indicated in this study. These are Mauritius and Botswana from Africa, and Nordic countries such as Norway, Sweden, Denmark, Finland, as well as from Brazil and India. In contrast, the developmental states in East Asian countries (Taiwan, South Korea, Singapore, Malaysia, Indonesia, Philippines, and Japan) originated under authoritarian regimes. In Africa and Mauritius and Botswana, they are cited as established democratic developmental states since their independence. These countries managed to continue their developmental state trajectory in the 1970s and 1980s, when many African governments' role was rolled back by the Structural Adjustment Programme (SAP).

5.4.4. On the Case Studies: industrial parks development, the leather industry, road construction railway network, and housing development in Addis Ababa

As indicated in the study, four typical cases or flagship projects, which are considered representative of Ethiopia's developmental state, were chosen and analysed in this study. These are the Industrial Parks (IPs) development, the leather industry, road construction railway network, and housing development in Addis Ababa. It was revealed that despite clearly designed policy interventions, the government did not achieve the desired objectives in each flagship project because of diverse challenges such as politicisation of these projects. This, in return, resulted in a lack of adequate participation of experts and the public on these projects, lack of transparency, accountability, monitoring, evaluation, accountability, and learning as well as high costs and delivering low-quality projects. These all have had effects on not actualising the expected structural transformation of the economy in the country.

Accordingly, it is pertinent and timely for Ethiopia's government to address these identified challenges in these four flagship projects and other major projects such as the Grand Renaissance dam, the sugar projects, hydroelectric power plants, and other infrastructure-related projects. However, as indicated in the second chapter of the study, a developmental state is dynamic, which means it has important learning, innovation, and adaptation traits. In this regard, it is timely and pertinent that the Ethiopian government draws the most important lessons from its own experience and other successful developmental states and provides innovation and adaptation to promote the country's developmental state agenda successfully.

5.5. Conclusion

Unlike others, this study provides a comprehensive review of whether Ethiopia is a developmental state or not using the main features (indicators) of developmental states and democracy from original and contemporary thinkers. The study also developed a framework for analysing an emerging developmental state model to verify the extent of Ethiopia's democratic developmental state. In this context, an Index is prepared to know the extent of Ethiopia's democratic developmental state following the survey conducted. The index can also serve for other emerging democratic developmental state.

The first part of the Index indicates the indicators' overall ranking (strongly agree and agree) in relation to developmental state indicators or features. In contrast, the second part shows the indicators' overall ranking (strongly agree and agree) concerning democratic governance. As reflected in the Index (the first part), among the developmental state indicators, four developmental state indicators among eighteen indicators rated fifty and above fifty percent (see table 18 below). These are an investment in hard infrastructure development (63%); Ethiopia's Strategic Integration with the rest of the world (55%); Ethiopia has a development ideology, institutions, norms, and standards that can support the development process (52%); and relative state/government autonomy, especially in formulating and implementing policy (50%).

Three indicators rated between 30% to 40%. These are investments in soft infrastructure (41%); disciplined economic planning as a process aimed at transforming the structure of the economy (35%); and peace, political stability, and predictability in governance (33%). Five indicators among eighteen rated within twenty percent (20%). These are putting in place appropriate policy and procedures with effective mechanisms (26%); the ability to build transformative institutions, typically a strong and competent merit-based bureaucracy (25%); access to government services- water, electricity, and other utilities (23%); the presence of development-oriented leaders with a succession plan (23%); and citizen's participation in the development process (23%).

While the remaining six indicators rated below twenty percent (< 20%), these are efficient rent management (government revenue from different sources) and its orientation to long term investment by policymakers (16%); allow competition in the economy (15%); the presence of development-oriented leaders with a succession plan (13%); private sector

participation in policymaking (13%); government responsiveness (8%); and corruption in the civil service (6%). Overall, as indicated in the Index, promoting the developmental state agenda in Ethiopia rated 28.8 %. This indicates that the Ethiopian government's willingness, determination, and commitment to promoting features of a developmental state are vital in building a successful developmental state.

Table 20: Overall Democratic Developmental State Indicators Results (Index) in Ethiopia

No.	Overall Democratic Developmental State Indicators	Percentage
I	Developmental State (Overall rating)	28.8 %
1	Ethiopia has a development ideology, institutions, norms, and standards that can support the development process	52
2	Ethiopia's strategic integration with the rest of the world	55
3	Citizens participation in the development process	23
4	Putting in place appropriate policy and procedures with effective mechanisms	26
5	Access to government services- water, electricity, and housing	23
6	Government responsiveness	8
7	Presence of development-oriented leaders with a succession plan	13
8	Relative State autonomy, especially in formulating and implementing policy	50
9	The ability to build transformative institutions, typically a strong and competent merit-based bureaucracy	25
10	Corruption in the Civil Service	6
11	efficient rent management (government revenue from different sources) and its orientation to long term investment by policymakers	16
12	Investment in soft infrastructure	41
13	Investment in hard infrastructure	63
14	Disciplined economic planning as a process aimed at transforming the structure of the economy	35
15	A proactive government role in assisting private firms	23
16	Private sector participation in policymaking	13
17	Competition in the Economy	15

18	Peace, political stability, and predictability in governance	33
II	Democratic Governance Indicators (Overall rating)	23.8%
1	Democratic Pluralism	23
2	Government respect for the rule of law	20
3	Promotion of civil and political rights	20
4	Independence of management of Public enterprises	9
5	Is access to public goods largely determined by non-official identity?	40
6	Legislative control of Executive Branch	19
7	Independence of the Judiciary	14
8	Corruption in the government- executive, legislative, and judiciary	5
9	Government accountability	13
10	CSOs role in promoting accountability and transparency	17
11	Mass media freedom	17
12	Electoral system credibility	9
13	National elections are considered to be free, fair, and generally transparent	12
14	Local elections are considered to be free, fair, and generally transparent	12
15	The constitution protects and promotes diversity and minority interests	23
16	The composition of government and leadership represents all segments and diverse interests	27
17	The national civil service is legally required to reflect the diversity of the country in its composition in terms of appointment and promotion	22
18	minorities, ethnic groups etc. do have representation	37
19	Women's representation in governance and development process	65
20	Youth representation in governance and development process	45
21	Sectarian identity groups have considerable influence in the country's political process	52
III	Overall (Developmental State + Democratic Governance)	26.3

Source: Survey Result, 2018.

As reflected in the Index (the second part), among democratic governance indicators, only one indicator among twenty-one, i.e., women's representation in governance and development process,

which rated 65%, can be said to be high. In contrast, the remaining indicators were rated below 50%. One indicator ranked above 50%, is that sectarian identity groups (ethnic, religious, and racial) have considerable influence in the country's political process; it rated 52%. However, the interpretation of this rating is that 52% of the respondents believe that sectarian identity groups (ethnic, religious, and racial) influence Ethiopia's governance process. Two indicators ranked between 40% and 50% percent. These are youth representation in the governance and development process (45%), and non-official identity, largely determining access to public goods (40%). One indicator ranked 37%, i.e. minorities, ethnic groups, and the disabled, represents the governance and development process, while the remaining seventeen indicators of democratic governance are rated below 30% (see table 19 above). Therefore, the analysis in relation to democratic governance reveals that there is much room for improvement in the areas of democracy.

However, the party in power, the EPRDF, a coalition of parties organised along four ethnic lines (Tigray, Amhara, Oromo, and Southern Nations and Nationalities) has made it a priority to promote diversity, including ethnic representation and gender equality, among others. This helped the incumbent Prime Minister to come to power. There has also been a constitutional guarantee of fundamental human rights, yet challenges remain in translating these laws into action.

From the preceding analysis of the developmental state, which rated (28.8%) and democratic governance, which rated (23.8%) in Ethiopia, the main conclusion of this study is, therefore, that in light of the period studied, there is an emerging democratic developmental state in Ethiopia, although it is not without challenges. The emphasis is on 'emerging' or 'embryonic'. The country has much to accomplish before it can truly claim the 'title' of a democratic developmental state, yet it is obvious that during the period studied, Ethiopia did make impressive progress. Post-February 2018, though, and specifically since November 2020, Ethiopia has been in the grip of a serious internal conflict which might threaten its somewhat fragile inter-ethnic cohesion. In addition, relations with its neighbours, Sudan and Egypt, remain strained in as far as the building of the Grand Renaissance dam is concerned and there are also boarder disputes with Sudan. The possible impact of violent domestic conflict and regional conflict on the continuing emergence of a democratic developmental state in Ethiopia did not form part of this study, but would obviously have to be explored in terms of the challenges that these conflicts may pose to the country's long-term development and democratisation trajectory.

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LIST OF KEY IN-DEPTH INTERVIEWS (KIIS)

- 1. Abdurehman Mohammed**, Industrial Parks Development, Ethiopian Investment Commission (EIC). Interviewed on Wed, 17 December 2019 From 11:00 to 12:30 pm @ EIC-His Office.
- 2. Ahmed Belay**, Representative of Ethiopian Investment Commission (EIC), Industrial Parks Development at Eastern Industrial Zone, Dukem City, 19 February 2020 From 4: 00 to 5: 30 pm at Eastern Industrial Zone in Dukem.
- 3. Alebel Bayru**, Ph.D. Senior Researcher, FDRE Policy Studies Institute (PSI). Interviewed on Tuesday, 16 January 2020, From 2:00 to 4:00 pm pm EIC-His Office.
- 4. Amanuel Assegid**, National NGOs Humanitarian Forum Coordinator, CCRDA. Interview on 12 November 2019@CCRDA premises from 9:00 to 10:30 am
- 5. Bamlaku Demissie**, General Manager, Anbessa Shoes Share Company. Interviewed on Tuesday, 18 December 2019 From 9:00 to 10:30 am at EIC-His Office
- 6. Bawzaye Degafe**, Staff at Addis Ababa Housing Development Project Office. , Interviewed on Wed, 28 January 2020, from 10: 30 to 12:30 pm.
- 7. Christopher Kang**, Business Assistant, at China Civil Engineering Construction Corporation (CCECC), on 16 July 2019 from 10:30 to 12: 30 pm.
- 8. Daniel Alemayehu** (Architect), Senior Consultant on Roads, Railways, Industrial Parks and Condominium houses, Interviewed on Wed, 24 January 2020, from 2: 30 to 4: 30 pm.
- 9. Daniel Getachew**, Secretary-General, Ethiopian Leather Industries Association. Interviewed on Wed, 17 February 2020, From 11:00 to 12:30 am at His Office.
- 10. Elias Negesh**, Leather Product Director Directorate, Ethiopian Small and Medium Manufacturing Industry Promotion Authority (ESMMIPA). Interviewed on Monday, 11 February 2020, From 9:00 to 10:30 am at ESMMIPA-His Office.
- 11. Ermias Hassen**, General Manager, Gosh(Shoe & Leather Products). Interviewed on Tuesday, 18 December 2019 From 11:00 to 12:30 am at EIC-His Office
- 12. Getachew Betru**, head of the Ethiopia Railways Corporation (ERC), 19 July 2019 from 2:30 pm to 4:00 pm at his office in ERA.
- 13. Hailekiros Debsay**, Dep/Director General, Leather Industry Development Institute (LIDI). Interview on Wed, 13 February 2020, from 1 to 2 pm at LIDI-His office.
- 14. Kassahun Birhanu**, Professor of Political Science and International Relations, Addis Ababa University, Interviewed on 25/07/2018, from 10-12:30 pm at Addis Ababa University
- 15. Kifle Alemayehu** (Engineer), Senior Consultant on Roads, Industrial Parks, and Building, Interviewed on Wed, 22 January 2020, from 10: 30 to 11: 00 am.

16. Mandefro Eshete, Ph.D., former government officials, Deputy Minister of Science and Technology. Interview on 23 November 2019 at Friendship Hotel. Time 2 to 4 pm.

17. Mesfine Legese, Manager, Hides, and Skins Collectors Association. Interviewed on Wed, 17 February 2020, From 11:00 to 12:30 am at His Office.

18. Meshesha Shewarega, Ph.D., former CEO of CCRDA and Current Country Director for Ethiopian Red Cross Society (ERCS). Interview on 05 December 2019 at ERCS from 3 to 4:30 pm.

19. Messay M. Tefera, Associate Professor, Addis Ababa University, Development Studies, Center for Food Security. Interview on 16 July 2019 at Addis Ababa University. Time 10-12 am.

20. Tadele Ferede. Professor of Economics, Addis Ababa University, Interviewed on 25/07/2018, from 2-3:30 pm at Addis Ababa University

21. Temesgen Tilahun, Deputy Commissioner, Ethiopian Investment Commission (EIC). Interviewed on Wed, 17 December 2019, From 9:00 to 11:00 am at EIC-His Office.

22. Tsigemariam Yohannes, Ethiopia Humanitarian Fund Officer, UNOCHA, on 13 September 2019 at UNECA Premises, UNOCHA Office.

23. Yassin Awale, Chief Technical Advisor, United Nations Industrial Development Organisation (UNIDO). Interviewed on Tuesday, 18 February 2020, From 2:30 to 3:30 pm at UNIDO-His Office.

24. Yednekachew Daniel, Addis Ababa City Administration, Gulale Sub City, Woreda 05 Officer. Interviewed on 11/06/2018, from 2-3:30 pm at His Office

25. Zerihun Abebe, Director of Textile and Leather, Ministry of Industry (MoI). Interview on Wed, 13 February 2020 From 9:00 to 10:30 am at MoI-His Office.

ANNEXURE A

LETTER OF CONSENT

**Department of International
Relations**

Student: Gedion G. Jalata

Student number: 18316698

Cell: 0983341818

Cell: 0911887422

E-mail: gediongam@gmail.com

Investigator:

My name is Gedion G. Jalata, and I am a PhD candidate at the University of Pretoria, South Africa. I am kindly inviting you to participate in a research study. Involvement in the study is voluntary, so you may choose to participate or not.

I am now kindly going to explain the study to you. Please feel free to ask any questions that you may have about the research. I will be happy to explain anything in greater detail. The research is on **“Ethiopia’s emerging democratic developmental state experience from 2002 to February 2018, i.e., Prime Minister Meles Zenawi (the late) and Prime Minister Hailemaraimie Desalegn periods.”** The questionnaire/questions’ objective is/are to obtain frank information on the subject as you are familiar with, and the information you give is highly valued for this research exercise.

This will take approximately (30 to 40 minutes) of your time. The risks in participating in this research will be minimised by keeping all information (either confidential, in the case where your identities need to be retained or can be associated with your responses, or anonymous and

confidential, in the case where you does not allow responses to be connected with a particular subject).

The benefit of this research is that you will help us better understand the developmental state agenda in Ethiopia. If you do not wish to continue, you have the right to withdraw from the study, without penalty, at any time.

Participant:

I..... voluntarily agree to participate in this research study. I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.

I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted. I have had the purpose and nature of the study explained to me in writing, and I have had the opportunity to ask questions about the study. I understand that I will not benefit directly from participating in this research.

I agree with my interview being audio-recorded if the need arises. I understand that a transcript of my interview will be retained for some time. I understand that under freedom of information legislation, I am entitled to access the information I have provided at any time while it is in storage as specified above.

Signature of the research participant

Signature of participant

Date

Signature of researcher

I believe the participant is giving informed consent to participate in this study

Signature of researcher

Date

ANNEXURE B

QUESTIONNAIRE DESIGNED FOR EXPERTS

Part I: Cover Letter

The questionnaire has three parts. The first part, the cover letter, introduces respondents to the research topic, addresses the objective of the research, and **assures anonymity and confidentiality**. It also deals with the identification of the demographic characteristics of the respondents. Accordingly, this research is on **“Ethiopia’s emerging democratic developmental state experience from 2002 to February 2018, i.e., Prime Minister Meles Zenawi (the late) and Prime Minister Hailemaraim Desalegn periods”**. Mr. Gedion G Jalata conducts the study as part of his PhD programme at the University of Pretoria, South Africa. **This questionnaire’s objective** is to obtain frank information on the subject as you are familiar with, and the information you give is highly valued for this research exercise. The information collected from you will not be **shown to anyone outside of this project, and the analysis of reporting will not disclose your identity**. You have been chosen for this expert survey through a careful and unbiased process that took cognisance of your experience and expertise in this area of national and regional governance as they relate to development. This research will advance the understanding of governance and development issues in Africa and help strengthen the building of developmental states on the continent. Therefore, please do not hesitate to share any information concerning the issue. If you have any questions about this study, you can freely ask the researcher. The researcher will collect the completed questionnaire.

SOCIO-DEMOGRAPHIC INFORMATION (Please circle appropriate options)

1. Gender of respondents
 - Male 1
 - Female 2

[S1 = Gender]

2. Age in completed years: _____

[S2 = Age in completed years]

3. The highest level of education attained:
- First Degree (BSc/BA) 1
 - Second Degree (MSc/MA) 2
 - Ph.D..... 3
 - Other (specify) 99

[S3 = The highest level of education attained]

4. The Sector of Employment:
- Public 1
 - Private 2
 - Self-employed.....3
 - NGOs4
 - Intergovernmental body (ECA, AU, RECS) ...5

[S4 = Sector of Employment]

Part II: Instruction on how to fill the questionnaire

This part gives adequate instructions on how to fill the questionnaire and details of how to state respondent answer and preference, as well as what to do with the completed questionnaire. The series of statements below is designed to obtain your opinion about the theory and practice of Ethiopia's developmental state. For each question, you are requested to indicate your opinion by putting an “X” mark in one of the five boxes aligned immediately to the right, with the option of your choice. If your opinion does not match exactly with any one of the five options, please mark the option **closest** to your considered judgment and which best fits or describes the *actual situation* that prevails *in the country, rather than* what you may feel or think based on personal relationships and /or other considerations.

[A short variable name that is to be used for tabulations is given in square brackets at the end of the options of each indicator].

Part III

Part three of the questionnaire has survey questions on the origin, nature, and features of Ethiopia’s developmental state.

General Features Of The Developmental State Within The Context Of The Ethiopian Experience

Developmental Ideology:

1. Do you believe that Ethiopia has a developmental ideology; and a structure pertaining to the requisite institutions, norms, and standards that can support the development process?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D1 = Ethiopia has a development ideology, institutions, norms, and standards that can support the development process]

Ethiopia's strategic integration with the rest of the world:

2. The developmental states have a strategic integration process with the rest of the world based on supporting the national interest in promoting economic growth and structural change. Is the Ethiopian experience confirming this reality?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D2 = Ethiopia's strategic integration with the rest of the world]

Citizen Participation in the development process:

3. An efficient and effective developmental state should be built on people; that is, all segments of society are to be regularly engaged in the development process. Non-State institutions like civil society organisations and political parties should be part and parcel of any developmental process. Do you think this principle is observed in the emerging developmental state in Ethiopia?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D3 = Citizens participation in development process]

Appropriate policy and procedures with effective mechanisms:

4. Another important pillar of the developmental state is implementing appropriate policies and procedures with effective accountability, monitoring, and evaluation procedures. Do you think the current developmental state in Ethiopia possesses these qualities?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D4 = Putting in place appropriate policy and procedures with effective mechanisms]

Access to such government services as water, electricity, and other utilities:

5. Citizens have:

Ready access to government services	
Mostly ready access to government services.	
Limited access to government services	
Very little access to government services	
Difficulty in accessing government services.	

[D 5 = Access to government services- water, electricity, and housing]

6. Local government/administration:

[D	Fully responds to the basic needs of the community in an efficient manner		6 =
	Moderately responds to the basic needs of the community in an efficient manner.		
	Fairly responds to the basic needs of the community in an efficient manner.		
	Rarely responds to the basic needs of the community in an efficient manner.		
	Does not respond to the basic needs of the community.		

Government responsiveness]

Leadership-development oriented and able to mobilize resources, having a succession plan:

7. The presence of development-oriented leaders, relatively uncorrupted, non-predatory, having limited personal ambitions that will not impede investments but rather facilitate the expansion of national productivity with an orderly leadership succession plan is also crucial. Do you think that such ingredients of a developmental state are available in Ethiopia?

Strongly agree	
Agree	
Neither agree nor disagree	

Disagree	
Strongly disagree	

[D7 = Presence of development-oriented leaders with succession plan]

National autonomy, especially in formulating and implementing policy:

8. The other ingredient in building a successful developmental state is relative autonomy (especially in formulating and implementing policy) from any external forces. Do you think Ethiopia possesses that quality?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D8 = Relative State autonomy, especially in formulating and implementing policy]

Transformative institutions: Bureaucracy

9. The ability to build transformative institutions, typically a strong and competent merit-based bureaucracy, is an essential factor for the emergence and growth of a developmental state. Do you believe Ethiopia possesses such institutions?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D9 =The ability to build transformative institutions, typically a strong and competent merit-based bureaucracy]

10. The civil service is:

Free from corruption	
Largely free from corruption	
Fairly free from corruption.	
Largely corrupt	
Completely corrupt	

[D 10= Corruption in the Civil Service]

Rent Management i.e. government revenue from different sources

11. Efficient rent management (government revenue from different sources) and its orientation to the long-term investment by policymakers is regarded as crucial as the experience of in Japan, South Korea, and Taiwan demonstrates. In this regard, the Ethiopian government is:

Always effective in managing and investing rent (revenues)	
Usually effective in managing and investing rent (revenues)	
Occasionally effective in managing and investing rent (revenues)	
Rarely effective in managing and investing rent (revenues)	
Never effective in managing and investing rent (revenues)	

[D11 =efficient rent management (government revenue from different sources) and its orientation to long term investment by policy makers]

Infrastructure Development:

12. Investment in **soft infrastructure** includes investments in quality education, healthcare services, economic and social infrastructure. In some cases, land reform is a pertinent feature of the developmental State. The Ethiopian Government:

Always promotes investment in soft infrastructure	
Usually promotes investment in soft infrastructure	
Occasionally promotes investment in soft infrastructure	
Rarely promotes investment in soft infrastructure	
Never promotes investment in soft infrastructure	

[D12 = Investment in soft infrastructure]

13. Investment in **hard infrastructure** includes the construction of roads, bridges, electricity grids, water, and sanitation facilities. The experience of southeast Asian countries confirms this fact. The Ethiopian government, in your view:

Always promotes investment in hard infrastructure	
Usually promotes investment in hard infrastructure	
Occasionally promotes investment in hard infrastructure	
Rarely promotes investment in hard infrastructure	
Never promotes investment in hard infrastructure	

[D 13 = Investment in hard infrastructure]

Economic planning:

14. Disciplined economic planning is a process aimed at transforming the economy’s structure as experienced by in Malaysia, Singapore, Japan, South Korea, and Brazil. Do you believe that there is disciplined economic planning to transform the economy of Ethiopia?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D14 =Disciplined economic planning as a process aimed at transforming the structure of the economy]

Private sector Development:

15. One of the essential elements to build a functional developmental state is the presence of a production-oriented private sector. By playing a proactive role in assisting individual firms in the process of structural transformation, the Ethiopian government is:

Always effective in assisting the private sector	
Usually effective in assisting the private sector	
Occasionally effective in assisting the private sector	
Rarely effective in assisting the private sector	
Never effective in assisting the private sector	

[D15 =A proactive government role in assisting private firms]

16. The Government (*Public and Private Sector Partnership-PPP*):

Always involves the private sector in policy-making that affects its development.	
Usually involves the private sector in policy-making that affects its development.	
Sometimes involves the private sector in policy-making that affects its development	
Rarely involves the private sector in policy-making that affects its development	

Never involves the private sector in policy-making that affects its development	
---	--

[D16 = Private sector participation in policy making]

17. The Government(*ensure competition in the economy*)

Takes effective measures to ensure competition in the economy	
Takes largely effective measures to ensure competition in the economy	
Takes somewhat effective measures to ensure competition in the economy	
Rarely takes effective measures to ensure competition in the economy	
Never takes measures to ensure competition in the economy.	

[D 17 = Competition in the Economy]

Political Stability:

18. Peace, political stability, and predictability in governance are also considered crucial conditions for the emergence of a developmental state. In this regard, the Ethiopian Government is:

Always effective in maintaining peace and political stability	
Usually effective in maintaining peace and political stability	
Occasionally effective in maintaining peace and political stability	
Rarely effective in maintaining peace and political stability	
Never effective in maintaining peace and political stability	

[D18 =Peace, political stability, and predictability in governance]

DEMOCRATIC GOVERNANCE SYSTEM:

The political system:

19. The political system:

Consists of a stable multiparty democracy with two or more strong political parties, each with an independent nation-wide political program.	
--	--

Consists of a multiparty democracy with two or more independent political parties where the ruling party is dominant and dictates all national policies and programmes.	
Consists of a multiparty system whereby the ruling party allows other parties to register but does not allow them to compete freely for political power	
Consists of a single-party system whereby candidates can effectively compete for offices within the system.	
Allows for no independent political parties and no competition for political power.	

[D 19 = Democratic Pluralism]

Rule of Law:

20. The Government:

Always respects due process and the rule of law	
Mostly respects due process and the rule of law	
Sometimes respects due process and the rule of law	
Rarely respects due process and the rule of law	
Never ever respects due process and the rule of law	

[D20 = Government respect for the rule of law]

Promotion of civil and political rights:

21. Civil and political rights provided in the constitution are:

Always respected	
Usually respected	
Sometimes respected	
Rarely	
Never respected	

[D21 =Promotion of civil and political rights]

Public goods:

22. Management of public enterprises is:

Independent of the Government and/or ruling party	
Largely independent of the Government and/or ruling party	
Somewhat independent of the Government and/or ruling party	
Hardly independent of the Government and/or ruling party	
Fully dependent on the Government and/or ruling party	

[D 22 = Independence of management of public enterprises]

23. Access to public goods is primarily determined by non-official identity interests (Political affiliation, ethnic ties, racial identity etc.):

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 23 = Is access to public goods largely determined by non-official identity?]

Relationship between Government organs:

24. The legislature is:

Always effective in holding the Executive accountable	
Usually effective in holding the Executive accountable	

Occasionally effective in holding the Executive accountable	
Rarely effective in holding the Executive accountable	
Never effective in holding the Executive accountable	

[D 24 = Legislative control of Executive Branch]

25. The judiciary is:

Independent of other branches of government in its operations	
largely independent of other branches of government in its operations	
somewhat independent of other branches of government in its operations	
hardly independent of other branches of government in its operations	
fully dependent on other branches of government in its operations	

[D 25 = Independence of the Judiciary]

Corruption in government-executive, legislative and judiciary

26. The Government is:

Above corruption.	
Largely free from corruption	
Fairly free from corruption	
Fairly corrupt	
Completely corrupt	

[D 26 = Corruption in the government- executive, legislative and judiciary]

Government accountability:

27. The Government:

Always acts in a publicly accountable manner.	
Mostly acts in a publicly accountable manner.	
Sometimes acts in a publicly accountable manner.	

Rarely acts in a publicly accountable manner.	
Never acts in a publicly accountable manner.	

[D27 = Government accountability]

Civil society’s role in the promotion of accountability and transparency:

28. Civil society:

Contributes effectively to the promotion of accountability and transparency in government.	
Moderately contributes to the promotion of accountability and transparency in government.	
Fairly contributes to the promotion of accountability and transparency in government.	
Rarely contributes to the promotion of accountability and transparency in government.	
Does not contribute to the promotion of accountability and transparency in government.	

[D 28 = CSOs’ role in promoting accountability and transparency]

Mass media freedom:

29. The mass media operate:

Within a completely free environment.	
Within an environment where mass media rights are only infrequently violated by the government and/or the ruling party.	
Within an environment where mass media rights are frequently violated by the government and/or ruling party, but with some protection from the courts.	
In an environment where freedom of expression is under constant threat by the government’s oppressive and restrictive press laws.	
In an environment where all or most important mass media are under state and/or ruling party control.	

[D 29 = Mass media freedom]

Elections:

30. The electoral system is:

Fully anchored in an electoral law, independent electoral commission and electoral district demarcation acceptable to all political parties.	
Anchored in electoral law, the electoral commission, and electoral district demarcation that is largely acceptable to all political parties.	
Anchored in electoral law, the electoral commission, and electoral district demarcation that is marginally acceptable to all political parties.	
Anchored in electoral law, the electoral commission, and electoral district demarcation that is largely unacceptable to all political parties.	
Anchored in electoral law, the electoral commission, and electoral district demarcation that is unacceptable to all political parties.	

[D 30= Electoral system credibility]

31. National elections are considered to be free, fair, and generally transparent:

Always	
Most times	
Sometimes	
Rarely	
Not at all	

[D 31= National elections are considered to be free, fair, and generally transparent]

32. Local elections are considered to be free, fair, and generally transparent:

Always	
Most times	
Sometimes	
Rarely	
Not at all	

[D32 = Local elections are considered to be free, fair, and generally transparent]

Diversity management:

33. The Constitution:

Protects and promotes diversity and minority interests, which are always respected in practice;	
Protects and promotes diversity and minority interests, which are most respected in practice;	
Protects and promotes diversity and minority interests, which are sometimes respected in practice;	
Protects and promotes diversity and minority interests, which are rarely respected in practice;	
Does not protect and promote diversity and minority interests at all in the country.	

[D33 = the constitution protects and promotes diversity and minority interests]

34. The composition of **government and leadership** represents all segments and diverse interests in the country (ethnic, racial, gender groups, etc.).

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D34 = The composition of government and leadership represents all segments and diverse interests]

35. Public Institutions, mainly civil service:

The national civil service is fully compliant with legal requirements to reflect the diversity of the country in its composition in terms of appointment and promotion.	
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The national civil service is mostly compliant with legal requirements to reflect the diversity of the country in its composition in terms of appointment and promotion.	
The national civil service is sometimes compliant with legal requirements to reflect the diversity of the country in its composition in terms of appointment and promotion.	
The national civil service is not legally required to reflect the country's diversity in its composition in terms of appointment and promotion, but traditionally does so.	
The national civil service is not legally required to reflect the diversity of the country in its composition in terms of appointment and promotion, and it does not do so.	

[D35 = the national civil service is legally required to reflect the diversity of the country in its composition in terms of appointment and promotion]

36. Minorities, ethnic groups, and the disabled do have representation in the governance and development process.

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D36 = minorities, ethnic groups, etc. do have representation]

37. Women do have representation in the governance and development process of the country:

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D37 = Women's representation in governance and development process]

38. Youth do have representation in governance and development process of the country:

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D38 = Youth representation in governance and development process]

39. Sectarian identity groups (ethnic, religious and racial) have considerable influence in the country's political process:

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 39 = Sectarian identity groups have considerable influence in the country's political process]

GENERAL QUESTIONS:

40. How and why a developmental state is emerging in Ethiopia (i.e. out of the necessity for the incumbent Government to stay in power by replicating the experiences of some of the East-Asian countries China, Taiwan, and South Korea).

Strongly agree	
----------------	--

Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 40 = How and why a developmental State emerged in Ethiopia]

41. How and why has a developmental state emerged in Ethiopia (i.e. out of the concern to herald and promote a democratic developmental State?)

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 41 = How and why a developmental State has emerged in Ethiopia]

42. What is the nature and characteristics of Ethiopia's developmental state - democratic developmental type?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 42 = The form of government-democratic?]

43. What are the nature and characteristics of Ethiopia's developmental state – non-democratic developmental type?

Strongly agree	
----------------	--

Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 43= The form of government-non-democratic]

44. What is Ethiopia's developmental state's nature and characteristic - semi-democratic/ hybrid-regime/neo-patrimonial developmental type?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 44= The form of government-semi-democratic/hybrid regime/neo-patrimonial developmental type]

45. Will Ethiopia achieve the twin goals of developing nationally (development) and democracy at the same point (simultaneously)?

Strongly agree	
Agree	
Neither agree nor disagree	
Disagree	
Strongly disagree	

[D 45= Achieving development and democracy simultaneously]

46. Will other African countries be able to emulate the Ethiopian developmental state experiment with Sustainable Development Goals – (SDGs) focus on social and economic transformation?

Always possible to emulate	
Mostly possible to emulate	
Sometimes possible to emulate	
Rarely possible to emulate	
Not at all	

[D 46=Will other African countries be able to emulate the Ethiopian developmental state]

ANNEXURE C

INTERVIEW GUIDE FOR KEY INFORMANT IN-DEPTH INTERVIEWS (KIIs)

Part I: Cover Letter

This semi-structured questionnaire has three parts. The first part is the cover letter, which introduces respondents to the research topic, addresses the research’s objective, and assures anonymity and confidentiality. It also deals with the identification of the demographic characteristics of the respondents. Accordingly, the research on “Ethiopia’s Emerging Democratic Developmental State Experience from 2002 to February 2018, i.e. Prime Minister Meles Zenawi (the late) and Prime Minister Hailemariam periods” is conducted by Mr. Gedion G. Jalata as part of his PhD programme at the University of Pretoria, South Africa. The objective of these questions is to obtain frank information on the aforementioned subjects based on your expertise, so the information you give is invaluable for this research exercise. The information collected from you will not be shown to anyone outside of this project. You have been chosen for this expert survey through a careful and unbiased process that took cognisance of your experience and expertise in this area of national and regional governance as they relate to the developmental state. This research will advance the understanding of governance and development issues in Africa and help strengthen the building of developmental states on the continent. Therefore, please do not hesitate to share any information concerning the issue.

SOCIO-DEMOGRAPHIC INFORMATION (Please circle appropriate options)

1. Name

2. Gender

- Male 1
- Female 2

2. Age in completed years: _____

3. The highest level of education attained:

- First Degree (BSc/BA) 1
- Second Degree (MSc/MA) 2
- Ph.D..... 3
- Other (specify) 99

4. The sector of Employment:

- Public 1
- Private 2
- Self-employed ----- 3
- Non-governmental.....4

Part II: The semi-structured questions revolve around the theory and practice of a developmental state in Ethiopia (this study focus on Premiers Meles Zenawi (the late) and Hailemariam Desalegn administrations alone and not the existing Premier Dr. Abiy Ahmed administration)

3. How and why has a developmental state emerged in Ethiopia?

- *What factors have contributed to the emergence of a developmental state and why*
- *What was the impetus behind the developmental state?*
- *Developmental state Ethiopia wanted to emulate which countries and why*
- *Challenges and opportunities Ethiopian developmental state*

4. Does Ethiopia possess the right leadership to promote the emergence of a viable developmental state?

- *The role of leadership in the emerging developmental state in Ethiopia, specific figures (how and why such a person)*
- *Existing leaders: capacity, challenges, and opportunities*

5. Will the growing Ethiopian economy witness social and economic structural transformation of the East Asia kind or not?

- ✓ Reflect that there is impressive economic growth in the country and infrastructure development - roads, housing, public utilities, and expansion in health and education. Will that lead to:
- Macroeconomic stability in the country
 - Inclusive growth that reduces inequality
 - Value addition and diversification
 - Industrialization
 - Employment creation, social protection, and poverty reduction
 - Challenges and opportunities
6. Does Ethiopia have the right industrial policies and institutions that nurture a developmental state?
- Existing policies that attract investment and favour industrialisation
 - Existing institutions that attract investment and favour industrialisation
 - Are there policy learning, innovation, and adaptation?
 - Challenges and opportunities
7. Will Ethiopia achieve the two goals of achieving development and enhancing democracy at the same time or not?
- The practice of development in Ethiopia,
 - The practice of democracy in the country,
 - Will the two goals be achieved simultaneously or not,
 - Challenges and opportunities
8. Will other African countries be able to emulate the Ethiopian developmental state experiment with the new post-MDG focus on social and economic transformation?
- What are the unique characteristics of the Ethiopian developmental state (philosophies, ideologies, and theories, if any)?

- Does the Ethiopian case conform to the general practice of developmental states in the world?
 - What are the lessons learned from the Ethiopian developmental state?
 - Will other African countries emulate it, and under what conditions?
9. What are the overall opportunities, challenges, and prospects of Ethiopia's developmental state during Premiers Meles and Hailemariam administrations?
- Challenges,
 - Opportunities
 - Prospects
10. What policy recommendations will you give for the Ethiopian developmental state?
- Areas of improvement and how
11. Please feel free to add any information you may have on the emerging Ethiopian developmental state.
- Personal opinions, etc.
12. *Other questions will be added later (especially in the areas where there are information gaps) to*
- Elicit more information
 - Bridge information gaps

End: Thank interviewees for their time and views and close.

ANNEXURE D

GUIDING QUESTIONS FOR CASE STUDIES

Guiding Questions for KIIs for Industrial Parks (IPs) Development

1. Why the government motivated in building industrial parks in Ethiopia?
2. How has the government been building industrial parks in Ethiopia?
3. What is the economic contribution of Industrial parks?
4. What is the vision or plan of the government on industrial parks, please?
5. What opportunities and challenges are there in building industrial parks in the country?
6. What recommendations may you provide for further improvements to industrial parks, please?

Guiding Questions for KIIs for the Leather Industry

1. What is the performance of the leather sector in Ethiopia?
2. What policy measures and institutions the government has taken or need to take to promote the leather value chain?
3. How conducive are the business environment and the current tax regime policy? Can it be improved?
4. How can value addition in the leather sector can be enhanced?
5. What is the vision or plan of the government for the leather sector, please?
6. What are the challenges of the leather sector?
7. What recommendations may you provide for further improvements in the sector, please?

Guiding Questions for KIIs for Roads and Railways

1. Why has the government been investing a lot in hard infrastructure in the country, especially on roads and railways, since 2001/2, please?
2. From where is the source of funding- domestic and external for roads and railways development have been generated, please?
3. Which countries are supporting the roads and railways projects in the country, and why, please?
4. How much has been done – roads and railways- how much is remaining in the country?
5. What is the vision or plan of the government on roads and railways, please?
6. What opportunities were there to promote the roads and railways in the country during the late Premier Melese and Premier Hailemariam regimes, please?
7. What are the challenges against the promotion of the roads and railways in the country, please?
8. What recommendations may you provide for further improvements in the sector, please?

Guiding Questions for KIIs for the Condominium Houses

1. What necessitated investing in condominium houses in Addis Ababa, please?
2. From where is the source of funding- domestic and external for condominium houses in Addis Ababa, please?
3. What was the overall progress, please?
4. What is the vision or plan of the government for condominium houses, please?
5. What opportunities were there to promote condominium houses in Addis Ababa, please?
6. What are the challenges against the promotion of condominium houses in Addis Ababa, please?
7. What recommendations may you have on condominium house development in Addis Ababa, please?

ANNEXURE E

RELIABILITY TEST, MEAN, STANDARD DEVIATION AND CORRELATION

Table 21: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.953	.954	46

The first table we need to look at in our output is the Reliability Statistics table. This gives us Cronbach's alpha coefficient. We are looking for a score of over 0.7 for high internal consistency. In this case, $\alpha = 0.953$, which shows a highly reliable or strong internal consistency between each variable.

Table 22: Items Statistics

Item Statistics			
	Mean	Std. Deviation	N
1. Do you believe that Ethiopia has a developmental ideology; and a structure pertaining to the requisite institutions, norms, and standards that can support the development process?	2.79	1.095	150
2. The developmental states have a process of strategic integration with the rest of the world based on how they support the national interest in promoting economic growth and structural change. Is the Ethiopian experience confirming this reality?	2.67	1.072	150
3. An efficient and effective developmental state should be built on people; that is, all segments of society are to be regularly engaged in the development process	3.57	1.113	150
4. Another important pillar of the developmental state is putting in place appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation procedures	3.49	1.122	150
5. Access to such government services as water, electricity and other utilities	3.17	1.060	150

6. Access to such government services as water, electricity, and other utilities: Local government/administration:	3.64	.830	150
7. Leadership-development oriented and able to mobilize resources having a succession plan: Developmental leadership Does you think that such ingredients of a developmental state are available in Ethiopia?	3.82	1.010	150
8. National autonomy, especially in formulating and implementing policy: Do you think Ethiopia possesses that quality?	2.78	1.061	150
9. Transformative institutions: Bureaucracy: Do you believe Ethiopia possesses such institutions	3.45	1.097	150
10. Transformative institutions: Bureaucracy: The civil service is:	3.84	.786	150
11. Rent Management, i.e., government revenue from different sources: the experience of Japan, South Korea, and Taiwan, demonstrate. In this regard, the Ethiopian government is:	3.44	.930	150
12. Infrastructure Development In some cases, land reform is a pertinent feature of the developmental State. The Ethiopian Government:	2.90	1.091	150
13. Infrastructure Development: The experience of southeast Asian countries confirms this fact. The Ethiopian Government, in your view:	2.30	1.060	150
14. Economic planning: Do you believe that there is disciplined economic planning to transform Ethiopia's economy?	3.09	1.099	150
15. Private sector Development: By playing a proactive role in assisting individual firms in the process of structural transformation, the Ethiopian Government is:	3.15	.965	150
16. Private sector Development: 16. The Government (Public and Private Sector Partnership-PPP):	3.61	1.003	150
17. Private sector Development: The Government (ensure competition in the economy)	3.53	1.014	150
18. Political Stability: In this regard, the Ethiopian Government is:	3.18	1.182	150
19. The political system:	3.38	1.162	150
20. Rule of Law: The Government:	3.47	1.028	150
21. Civil and political rights provided in the constitution are:	3.53	1.072	150
22. Management of public enterprises is:	4.10	1.098	150
23. Access to public goods is largely determined by non-official identity interests (Political affiliation, ethnic ties, racial identity, etc.):	3.00	1.331	150
24. Relationship between Government organs: The legislature is:	3.59	1.147	150
25. Relationship between Government organs: The judiciary is:	3.73	1.135	150
26. Corruption in government-executive, legislative, and judiciary	4.19	.854	150
27. Government accountability: The Government:	3.67	.980	150
28. Civil society's role in the promotion of accountability and transparency: Civil society:	3.70	1.104	150
29. The mass media operate:	3.85	1.104	150

30. The electoral system is:	3.93	1.014	150
31. National elections are considered to be free, fair, and generally transparent:	4.19	1.180	150
32. Local elections are considered to be free, fair, and generally transparent:	4.13	1.154	150
33. The constitution protects and promotes diversity and minority interests	3.32	1.183	150
34. The composition of government and leadership represents all segments and diverse interests in the country (ethnic, racial, gender groups, etc.).	3.42	1.200	150
35. Public Institutions, mainly civil service	3.30	1.073	150
36. Minorities, ethnic groups, and the disabled do have representation in the governance and development process	2.99	1.023	150
37. Women do have representation in the governance and development process of the country:	2.41	.984	150
38. Youth do have representation in governance and development process of the country:	2.81	1.121	150
39. Sectarian identity groups (ethnic, religious, and racial) have considerable influence in the country's political process:	2.73	1.226	150
40. How and why a developmental State is emerging in Ethiopia (i.e., out of the necessity for the incumbent Government to stay in power by replicating the experiences of some of the East-Asian countries China, Taiwan, and South Korea).	2.52	1.054	150
41. How and why has a developmental State emerged in Ethiopia (i.e., out of the concern to herald and promote a democratic developmental state?)	3.21	1.127	150
42. What is the nature and characteristics of Ethiopia's developmental state - Democratic developmental type?	3.59	1.199	150
43. What is the nature and characteristics of Ethiopia's developmental state – non-democratic developmental type?	2.49	1.098	150
44. What is Ethiopia's developmental state's nature and characteristics - semi-democratic/ hybrid-regime/neo-patrimonial developmental type?	2.78	1.042	150
45. Will Ethiopia achieve the twin goals of developing nationally (development) and democracy at the same point (simultaneously)?	3.60	1.129	150
46. Will other African countries be able to emulate the Ethiopian developmental state experiment with Sustainable Development Goals – (SDGs) focus on social and economic transformation?	3.25	1.118	150

Table 20 above gives us our means and standard deviations for each of our question items. If all the items are tapping into the same concept, these mean scores will be fairly similar. Any items that have scores that are quite a lot higher (or lower) than the others may need to be removed from the questionnaire to make it more reliable. But since the average mean scores are fairly similar, we are supposed to keep the questions than deleting.

To decide whether or not to remove questions, we need to look at the other statistics

Table 23: Item – Total Statistics

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
1. Do you believe that Ethiopia has a developmental ideology; and a structure pertaining to the requisite institutions, norms, and standards that can support the development process?	150.51	761.473	.501	.553	.952
2. The developmental states have a process of strategic integration with the rest of the world based on supporting the national interest in promoting economic growth and structural change. Is the Ethiopian experience confirming this reality?	150.63	760.516	.529	.528	.952
3. An efficient and effective developmental State should be built on people; that is, all segments of society are to be regularly engaged in the development process	149.73	757.395	.560	.622	.952
4. Another important pillar of the developmental state is putting in place appropriate policy and procedures with effective mechanisms for accountability, monitoring, and evaluation procedures	149.81	751.164	.659	.648	.951
5. Access to such government services as water, electricity, and other utilities: citizens have	150.13	760.340	.539	.627	.952

6. Access to such government services as water, electricity and other utilities: Local government/administration:	149.66	765.273	.588	.558	.952
7. Leadership-development oriented and able to mobilise resources having a succession plan: Developmental leadership Do you think that such ingredients of a developmental state are available in Ethiopia?	149.48	758.251	.605	.704	.952
8. National autonomy, especially in formulating and implementing policy: Do you think Ethiopia possesses that quality?	150.52	768.614	.395	.482	.953
9. Transformative institutions: Bureaucracy: Do you believe Ethiopia possesses such institutions	149.85	754.600	.617	.619	.951
10. Transformative institutions: Bureaucracy :The civil service is:	149.46	769.404	.526	.548	.952
11. Rent Management, i.e., government revenue from different sources: the experience of Japan, South Korea, and Taiwan, demonstrate. In this regard, the Ethiopian government is:	149.86	759.584	.634	.617	.951
12. Infrastructure Development: In some cases, land reform is a pertinent feature of the developmental State. The Ethiopian Government:	150.40	765.235	.439	.542	.952

13. Infrastructure Development: The experience of Southeast Asian countries confirms this fact. The Ethiopian Government, in your view:	151.00	772.255	.332	.641	.953
14. Economic planning: Do you believe that there is disciplined economic planning to transform Ethiopia's economy?	150.21	754.330	.620	.575	.951
15. Private sector Development: By playing a proactive role in assisting individual firms in the process of structural transformation, the Ethiopian Government is:	150.15	758.426	.632	.637	.951
16. Private sector Development: 16. The Government (Public and Private Sector Partnership-PPP):	149.69	767.664	.437	.468	.952
17. Private sector Development: The Government (ensure competition in the economy)	149.77	756.905	.628	.619	.951
18. Political Stability: In this regard, the Ethiopian Government is:	150.12	752.858	.597	.627	.952
19. The political system:	149.92	753.242	.601	.511	.952
20. Rule of Law: The Government:	149.83	750.006	.744	.735	.951
21. Civil and political rights provided in the constitution are:	149.77	747.536	.755	.746	.951
22. Management of public enterprises is:	149.20	753.530	.634	.686	.951
23. Access to public goods is primarily determined by non-official identity interests (Political affiliation, ethnic ties, racial identity, etc.):	150.30	766.842	.330	.415	.953

24. Relationship between Government organs: The legislature is:	149.71	748.974	.679	.752	.951
25. Relationship between Government organs: The judiciary is:	149.57	750.662	.660	.626	.951
26. Corruption in government-executive, legislative and judiciary: The Government is:	149.11	762.396	.632	.663	.952
27. Government accountability: The Government:	149.63	750.638	.771	.711	.951
28. Civil society's role in the promotion of accountability and transparency: Civil society:	149.60	758.242	.551	.630	.952
29. The mass media operate:	149.45	753.283	.635	.643	.951
30. The electoral system is:	149.37	755.791	.648	.732	.951
31. National elections are considered to be free, fair, and generally transparent:	149.11	749.398	.653	.878	.951
32. Local elections are considered to be free, fair, and generally transparent:	149.17	750.601	.649	.870	.951
33. The Constitution	149.98	759.161	.497	.586	.952
34. The composition of government and leadership represents all segments and diverse interests in the country (ethnic, racial, gender groups, etc.).	149.88	744.267	.722	.690	.951
35. Public Institutions, mainly civil service:	150.00	751.691	.682	.643	.951
36. Minorities, ethnic groups, and the disabled do have representation in the governance and development process	150.31	760.056	.565	.624	.952

37. Women do have representation in the governance and development process of the country:	150.89	766.499	.468	.559	.952
38. Youth do have representation in governance and development process of the country:	150.49	756.829	.565	.577	.952
39. Sectarian identity groups (ethnic, religious, and racial) have considerable influence in the country's political process:	150.57	764.716	.395	.438	.953
40. How and why a developmental State is emerging in Ethiopia (i.e., out of the necessity for the incumbent Government to stay in power by replicating the experiences of some of the East-Asian countries China, Taiwan, and South Korea).	150.78	782.280	.162	.376	.954
41. How and why has a developmental State emerged in Ethiopia (i.e., out of the concern to herald and promote a democratic developmental state?)	150.09	754.791	.596	.606	.952
42. What is the nature and characteristics of Ethiopia's developmental state - Democratic developmental type?	149.71	753.011	.585	.645	.952
43. What are the nature and characteristics of Ethiopia's developmental state – non-democratic developmental type?	150.81	812.305	-.328	.471	.957

44. What is Ethiopia's developmental state's nature and characteristics - semi-democratic/ hybrid-regime/neo-patrimonial developmental type?	150.52	778.265	.234	.368	.953
45. Will Ethiopia achieve the twin goals of developing nationally (development) and democracy at the same point (simultaneously)?	149.70	757.755	.546	.616	.952
46. Will other African countries be able to emulate the Ethiopian developmental state experiment with Sustainable Development Goals – (SDGs) focus on social and economic transformation?	150.05	757.119	.562	.560	.952

Table 22 above can help us to decide whether any items need to be removed. There are two columns of interest here: First, the Corrected item-total Correlation column tells us how much each item correlates with the overall questionnaire score. Correlations less than $r = .30$ indicate that the item may not belong on the scale. But if we see the result of each Corrected item-total Correlation, it is far from 0.3.

So we can conclude that no item looks problematic considering this criterion.

Second, and more importantly, we are interested in the final column in the table Cronbach's Alpha if Item Deleted. As the name suggests, this column gives us the Cronbach's alpha score we would get if we removed each item from the questionnaire. Remember, our current score is $\alpha = .946$. If any item is deleted, this score goes down. Therefore, we want to keep it as it would make our questionnaire more reliable.

Table 24: Scale Statistics

Mean	Variance	Std. Deviation	N of Items
144.97	691.415	26.295	46

This final table (table 23) in the output gives us the descriptive statistics for the questionnaire as a whole. Our findings tell us the reliability analysis was carried out on the perceived task values scale comprising 46 items. Cronbach's alpha showed the questionnaire has acceptable reliability, $\alpha = 0.946$.