

# Final Report

## Development in Ethiopia: Changing Trends, Sustainability and Challenges

Conference organised by the Forum for Social Studies (FSS), Addis Ababa, Ethiopia, Centre for Development Research (CDR/BOKU) and the Friedrich-Ebert-Stiftung (FES)

19th and 20th of September 2013, Addis Ababa, Ethiopia

December 2013


The logo for KEF (Kommission für Entwicklungsforschung) is displayed in white text on a blue rectangular background.

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This project is connected to the KEF funded project “Förderung der Druckkosten: Re-Thinking Development in Ethiopia.” (P187). The book project originates in the IDS project Reimagining Development funded by DfID and IDS in 2009 and 2010, as well as the FWF funded project “Ways of Knowing - When Local and Scientific Epistemologies meet in Rural Development” (P20685-G14) and the Ethiopian site of the KEF project “NAREM - Natural resource management revisited. Analysing ways of knowing in research projects in East Africa.” (P170). The book project emerged from the preliminary findings of these projects as well as the ongoing work of the Forum for Social Studies (FSS), Addis Ababa, and the Centre for Development Research (CDR), BOKU Vienna, in Ethiopia. The latter one also is project coordinator for the OeAD funded APPEAR project TRANSACT “Strengthening Rural Transformation Competences of Higher Education and Research Institutions in the Amhara Region, Ethiopia”.



**Universität für Bodenkultur Wien**  
University of Natural Resources and Life Sciences, Vienna

 CDR | Centre for Development Research

## **1. Conference Programme: Development in Ethiopia: Changing Trends, Sustainability and Challenges**

### **1.1 Organizers**

#### **Friedrich Ebert Stiftung (FES) Office Addis Ababa**

Resident Representative FES Office Addis Ababa: Mr. Arne Schildberg

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## **2. Workshop Venue**

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1.2 Programme 19<sup>th</sup> of September, 2013

Venue: Desalegn Hotel, Napa Hall

	Time		Author	Moderator
<b>Arrival</b>	8:00 -8:30	Registration		
<b>Introduction &amp; Welcome</b>	8:30 -9:00	<p><b>Welcoming Remarks</b></p> <p>Dr. Meheret Ayenew, Executive Director, Forum for Social Studies, Ethiopia</p> <p>Mr. Arne Schildberg, Country Director, Friedrich-Ebert-Stiftung, Ethiopia</p>		
<b>Session 1: Theoretical discussion and critical analysis of the nature of development</b>	9:00- 9:20 9:20-9:40	<p><b>Presentation</b></p> <p>Developmental State versus the Market</p> <p>Governing Development in Ethiopia: Challenges, Sustainability and Opportunities for 21st Century</p>	Dr. Daniel Tefera  Prof. Sisay Asefa	Dr. Aklilu Kidanu
<b>Discussion</b>	9:40-10:20	<p><b>Guiding Questions:</b></p> <p>1. How did the concept of development emerge in Ethiopia?</p>		

		2. What are the paradigms of the concept of development in Ethiopia?		
<b>Coffee/Tea Break</b>	<b>10:20-10:40</b>	<b>Organizers</b>		
<b>Session 1: Theoretical discussion and critical analysis of the nature of development (Continued)</b>	10:40-11:00	<b>Presnetations:</b> The Growth and Transformation Plan (GTP): Opportunities, Challenges and Lessons of a Grand Design	Dr. Mehret Ayenew	Dr. Aklilu Kidanu
	11:00-11:20	Ethiopia's Development Programs and the Post-MDG Agenda	Dr. Amdissa Teshome	
	11:20-11:40	Post-dependent Rural Development in Ethiopia: Engaging, Assessing, and Partnering for Subjective Well-Being.	Prof. Peter Kohn and Prof. Jeffrey Bookwalter	
<b>Discussion</b>	11:40-12:20	<b>Guiding Questions:</b> 1. How did the concept of development emerge in Ethiopia? 2. What are the paradigms of the concept of development in Ethiopia?		
<b>Lunch</b>	<b>12:20-13:40</b>	<b>Organizers</b>		
<b>Session 2: Development</b>		<b>Presentations:</b>		Prof. Bahiru Zewde

<b>Approaches in Ethiopia</b>	13:40-14:00	The Economic and Political Cost of Not Integrating Indigenous Knowledge in Agrarian Policy Making in Ethiopia	Dr. Tenkir Bongor	
	14:00-14:20	The Expansion of the Sugar Industry in Pastoral lands and the Political Economy of State Managed Industrial Development in Ethiopia	Dr. Asnake Kefale and Ato Fana G/Senbet	
<b>Discussion</b>	14:20-15:00	<b>Guiding Questions:</b> <ol style="list-style-type: none"> <li>1. What are the strengths and weaknesses of Ethiopian Development policies in place since the late 1960s (ADLI, ADLI; policy of state-led development; the GTP; Green Economy Strategy; etc)?</li> <li>2. What are the implications of Ethiopia's changing economic partners from prominently west to East?</li> <li>3. How is the progress of Ethiopia in terms of distribution of economic gains to different strata?</li> </ol>		
<b>Coffee/Tea Break</b>	<b>15:00-15:30</b>	<b>Organizers</b>		
<b>Session 3: Poverty reduction</b>	15:30-15:50	The Nature and Determinants of Urban Youth Unemployment in Ethiopia	Peace Nganwa and Deribe Assefa	Prof. Bahiru Zewde
	15:50-16:10	Political and Development Imperative of Growth, Poverty and Inequality in Ethiopian in the last Decade	Alemayehu Geda	

<b>Discussion and End of Day one conference</b>	16:10-17:00	<b>Guiding Questions:</b> <ol style="list-style-type: none"> <li>1. What are the initiatives in place to mitigate the impacts of poverty in Ethiopia?</li> <li>2. What has been achieved so far concerning the levels of poverty reduction?</li> <li>3. What challenges are there impinging poverty reduction initiatives in Ethiopia?</li> <li>4. Are unemployment rates mounting or declining through time in the Ethiopian context? What is the reason behind it?</li> <li>5. What are the prospects of rate of youth unemployment in Ethiopia?</li> <li>6. What are the challenges linked with unemployment in Ethiopia?</li> </ol>		
<b>Dinner</b>	<b>18:00-20:00</b>	<b>Organizers</b>		

### 1.3 Programme 10<sup>th</sup> of September, 2013

Venue: Deassalegn Hotel, Napa hall

	Time		Author	Moderator
<b>Scession 4: Rural Land Issues and Small Holders</b>	9:00-9:20	<b>Presentations:</b> Ethiopia: Development with or without Freedom?	Dr. Assefa Fesseha	
	9:20-9:40	Competing Urban Land Claims and Implications in Addis Ababa	Firehiwot Sintayehu and Yonas Ashine	Prof. Tegegne G/egziabher
	9:40-10:00			

		People on the Edge: A Synthesis of Urbanization induced Land Use Changes in Ethiopia	Masresha Taye	
<b>Discussion</b>	10:00-10:30	<b>Guiding Questions:</b> <ol style="list-style-type: none"> <li>1. How does the current rural land holding system of small holders affect their livelihood?</li> <li>2. Are there enough initiatives from the government's side to improve the productivity of smallholders with better land holding systems?</li> <li>3. Is the government's move towards commercializing small holders the right move in?</li> <li>4. improving of their livelihoods?</li> <li>5. What are land issues that are likely to have an impact on urban development?</li> <li>6. What is the impact of the recent urban land proclamation on urban development?</li> </ol>		
<b>Coffee/Tea Break</b>	<b>10:30-11:00</b>	<b>Coffee Break</b>		
<b>Session 5: Impact of development on the environment and natural</b>	11:00-11:20	<b>Presentations:</b>  The Dry Forests and Woodlands of Ethiopia: Mounting challenges of Forest Governance	Dr.Melaku Bekele	Prof. Tegegne G/egziabher
	11:20-11:40	Rethinking Large Scale Land Investments in Ethiopia	Ato. Dessalegn Rahmeto	



resources				
<b>Discussion</b>	11:40-12:00	<b>Guiding Questions:</b> <ol style="list-style-type: none"> <li>1. What is the overall impact of development on the environment and resources in Ethiopia?</li> <li>2. What are the implications of growth oriented moves of the Ethiopian government supported by the GTP for sustainable development?</li> <li>3. How is the move to large scale land investment in Ethiopia viewed by the government in relation to sustainable development?</li> </ol>		
<b>Lunch Break</b>	<b>12:00-13:30</b>	<b>Organizers</b>		
<b>Session 6: Development and regional and local imbalances</b>	13:30-13:50  13:50-14:10	<b>Presentations :</b> Intergovernmental Transfers and the Problem of Imbalances in Regional Development in Ethiopia: The need for benchmarking the right-based approach  Regional Development and Decentralization in Ethiopia: An Investigation of Changes and Policy Implications	Solomon Negussie Prof. Tegegne G/egzaber	Dr. Mehret Ayenew
<b>Discussion</b>	14:10-15:00	<b>Guiding Questions:</b>		

		<ol style="list-style-type: none"> <li>1. What is the distribution of development across the center, the regions and local levels?</li> <li>2. How can this distribution of development be measured?</li> <li>3. What are the government institutions doing for betterment of better distribution of development?</li> </ol>		
<p><b>Coffee Break and End of Day 2 Conferecne</b></p>	<p><b>15:00</b></p>	<p><b>Organizers</b></p>		

## 2. Conference Report

### 2.1 Overview on the Sessions

The 3 sessions held on the 19<sup>th</sup>, addressed theoretical issues, developmental approaches and poverty reduction in Ethiopia. The following points emerged as key issues during the discussions in the 1<sup>st</sup> day of the conference;

- The debate over the balance between the role of the state and market forces in the Ethiopian economy
- The historical experiences of the Asian developmental states and their implications for the Ethiopian developmental state
- The land tenure policy of the Ethiopian state and its implications for Ethiopia's development endeavours
- The relationship between economic development and democracy in Ethiopia
- The implications of inflation and decline in the agricultural growth rate for the success of the GTP
- The question of statistics and quantitative indicators as a measure of economic growth and wellbeing in Ethiopia
- Causes and nature of unemployment in the current era of economic growth

The papers presented in the 3 sessions on the 20<sup>th</sup> focused on land tenure, the impact of developmental strategies on the environment and finally, regional development and imbalances in Ethiopia. The following points emerged as central issues during the discussions

- The system of land tenure in Ethiopia and the incipient emergence of a market for land and its effects on the urban poor
- Problems and issues associated with the design and implementation of urban development and industrialization policies in Ethiopia
- The linkages between the developmental state, democracy and good governance in Ethiopia
- The problems of fiscal decentralization in the Ethiopian federal system

### 2.2 Review of the Papers presented

More than 20 years after the EPRDF assumed power, it is only timely to expect a review and analysis of the policy framework and strategies of the Ethiopian state, especially in the current period where many now identify a distinct developmental model. The issues and questions outlined above have been addressed in the past in other such venues, but this conference with its goal of bridging the gap between the academic debate and the policy formulation is necessary and useful for both sectors in creating dialogue and amicable debate.

The papers presented in the conference addressed several interrelated and crosscutting themes: (1) Ethiopia's model of development and the developmental state in relation to the issue of civil and political rights and democratization; (2) the current developmental strategy; (3) sector policies and successes and problems that have emerged; (4) regional development in the context of

Ethiopian development and the issue of asymmetries and inequalities; (5) the issue of urban development, the competition for urban lands and urban employment; and (6) the validity and reliability of statistics and objective quantitative data as indicators of economic performance and wellbeing.

The first theme was addressed in the papers presented by Dr. Daniel Tefera, Dr. Sisay Asefa, and Dr. Assefa Fisseha. The papers focused on the more general and abstract issue of the balance between the state and market forces in the Ethiopian model of development and its impact on prospects for democracy in Ethiopia. The papers by Dr. Daniel and Dr. Sisay took very marked positions on the above issues. Both presenters argued that the Ethiopian developmental model gave excessive emphasis to the state in the economy and either purposely or indirectly facilitated authoritarianism in the Ethiopian context. Both authors underlined the importance of a political order based on constitutional liberalism. The presenters also critiqued the ethno-linguistic basis of federalism and state monopoly of land ownership in Ethiopia. Accordingly they saw them as inhibiting the mobility of the factors of production and also saw state ownership of land as economically inefficient. For both presenters the central issue facing Ethiopia at the current juncture was completing a market transition. Which they saw as inextricably linked to the democratization process in the country. On the other hand, Dr. Assefa took a slightly distinct position in that he argued that while the Ethiopian developmental state had made commendable achievements in the socio-economic sphere, it had done so at the cost of constraining socio-political rights in Ethiopia. He further argued that the Ethiopian developmental state lacked the key institutional foundations of a developmental state which put into question the future of the Ethiopian model.

The papers generated an extensive discussion regarding the necessity of the state in terms of economic development especially in terms of filling in for market failures. Participants pointed out that the issue should not be viewed in mutually exclusive terms, i.e. choice between the market mechanism and the state. Some argued that the history of the development of the capitalist/free market economies of the west and stated that the role of the state as a key actor in the historical development of capitalism. Another issue raised again was historical in nature and focused on the capacity of the private capital/sector in Ethiopia especially in the immediate aftermath of the downfall of the military regime. There was also a discussion regarding the historical experiences of the Asian developmental state and its lessons for Ethiopia.

However it needs to be stated that these papers tended to view the developmental model and state in very static terms. The papers have tended to elide the inherent pragmatism and flexibility of the developmental policies and model of the ruling party.

The second theme was addressed in the papers presented by Dr. Mihret Ayenew and Amdissa Teshome. Both authors recognized that in relation to the GTP and the MDG's the Ethiopian government had made appreciable progress. Dr. Mihret's paper argued that the GTP as a strategy to achieve the structural transformation of the Ethiopian economy was premised on massive investment in infrastructure, poverty reduction, health and social services had resulted in high rates of growth and reportedly fall in levels of poverty. At the same time, the author pointed out the plan is characterized by ambitious goals and was not formulated through consultation and participation of civil society or other non-state actors. There were also ambiguous signs in that the rate of growth was slowing and exports were not rising and the growth in agriculture was stagnating. Ato Amdissa's paper accepted that Ethiopia had made appreciable progress on some of the MDGs (eradication or reduction of levels of extreme poverty and hunger, gender equality and environmental sustainability) but qualified his assessment pointing out that in regard to the other

MDGs progress was not as impressive. Furthermore he also underlined the problem of statistics and the dissonance between the government's statistics and the perceptions of non-state institutions which did not tally. In addition he mentioned the problem of inflation, the expanding balance of payments deficit, limited implementation capacity and shocks either externally or internally generated. Finally in terms of a post MGD agenda, the author's prognosis was that continuity was the most likely outcome but did suggest measures and ideas for the future.

The authors' presentations and the discussion that ensued repeated the themes raised in reaction to the papers under the first theme. The perceived bloated role of the state in the Ethiopian economy and the meaning and mechanisms to actualize popular participation in the formulation and implementation of development policies were some of the key issues that the discussion focused on.

The papers under the third category by Dr. Asnake Kefale and Fana G/Senbet and by Dr. Melaku Beyene and Habtemariam Kassa touched on divergent sectors. The first paper titled, 'The Expansion of the Sugar Industry in Pastoral Lands and the Political Economy of State Managed Industrial Development in Ethiopia' discussed the socio-political ramifications of state led industrialization in Ethiopia (sugar industry development in the pastoral lowlands of South Omo) and how it has enabled patrimonial linkages between the centre and local elites in the Ethiopian context. However the paper argued that while one of the for rationales of state led sugar industrialization was to assure benefits to the lowlands (economic resources, infrastructure, jobs etc) the reality was that the benefits had flowed to individuals and groups from other parts of the country (in this context, jobs accruing to individuals from the Southern Highlands and not indigenous pastoralists or agro-pastoralists). The authors argue that development endeavours in Ethiopia are not simply based on purely economic rationales but are also based on socio-political calculations.

The second paper addressed the current status and threats to the dry forests and woodlands concentrated in the lowlands of the country. The authors pointed out that these forests and woods provide several very important socio-economic functions (such as a source of nutrition, base for pastoralist systems of existence, sanctuary for wildlife) and important economic resources (gums and resins for export, charcoal production etc). However these resources were coming under severe threat due to unrestricted agricultural production, state sanctioned and facilitated private sector investment in commercial agriculture and uncontrolled cutting down of forests and bush for firewood. According to the authors, while the Ethiopian government had developed a comprehensive policy framework that addressed issues of environmental protection, the central problem was the absence of enforcement of said policy framework and strategies. The authors argued that a complex matrix comprising the state, national and local level actors and the global level dynamics and their complex interplay led to a situation where pastoralist areas and their resources have been over exploited by the state and private investors. They also added that the ingrained tendency on the part of successive regimes in Ethiopia to view pastoralist areas as uninhabited and unutilized has led to a situation where these areas and their resources are viewed as open and un-owned, a variant of the conundrum of the 'tragedy of the commons.

The authors argued for the importance of these preconceived notions to shift and for the state and policy makers to recognize the viability and economic significance of the pastoralist system of production. Furthermore the authors also suggested that recognition of local systems of tenure and usage of resources would support the conservation and protection of local woodlands and forests. The authors also suggested the growing tendency towards the individualization of lands, water sources and woodlands in pastoralist areas in response to growing external presence and

control over local resources may also provide a route towards the private appropriation of these resources and their conservation. In other words, transformations are providing new openings and opportunities for possible new policies.

The discussion around these papers raised several issues. In relation to the first paper, participants queried the role of the private sector in the GTP and more specifically in the 10 mega Sugar industries. The question of the role of the private sector in peripheral areas and the environmental externalities of state led industrialization. The consensus was that the role of the private sector in the GTP and sugar factories was limited even though opinions were divided as to the reasons for this.

The fourth theme on regional development and asymmetries was covered in the papers by Professor Tegene G/Egzhiaber and the paper by Dr. Solomon Negussie. The paper by Professor Tegene G/Egzhiaber was a comprehensive review and assessment of key trends and issues in terms of imbalances in terms of regional finances and development. Professor Tegene's paper showed that Ethiopian federalism since its inception had undergone transformations such as the Woreda level decentralization and capacity building and restructuring which have had important effects, potential and actual, on both the autonomy of regional and lower level economic units and their corresponding fiscal resources and responsibilities. His exhaustive summary showed that while disparities between the regions in terms of fiscal resources and capabilities between some regions persisted, these imbalances had narrowed down. He was also able to show that the emerging/'backward' regions were still lagging behind the other regions in terms of financial and fiscal resources. Professor Tegene's paper also argued that fiscal autonomy and financial capabilities were ultimately dependent on the regional states expanding their revenue base, which were still tilted in favour of the central government. Dr. Solomon Negussie's paper titled, 'Inter-Governmental Transfers and the Problem of Imbalances in Regional Development in Ethiopia: The Need for benchmarking the Rights Based Approach' while also attesting to the existence of imbalances in regional development recommended the advantage of benchmarking fund transfers and support on progress towards good governance.

The papers generated discussion which focused on the linkage between regional development, fiscal autonomy and larger issues of democracy and the growing tendency towards centralization in the Ethiopian polity. The issue of the capabilities of regional governments in the Ethiopian federation, their fiscal autonomy and inter-jurisdictional competition were also discussed. Professor Tegene responded that that one of the objectives of his paper was to identify innovations on the part of regional governments (such as variations in terms of taxation levels) to attract investors (land use tax, agricultural income taxes which are some of the sources of taxes levied by regional administrations), but he pointed out that taxes and taxation levels are almost invariably the same across different regional states. Regional states show no variation or attempt to creatively and flexibly implement policy directives or strategies. They tend to passively wait for guidance and federal government policy initiatives. Regional governments could be allowed to levy the VAT and other taxes which are currently collected by the federal government.

The theme of urban development, urban lands and unemployment was covered in three papers. The paper on urban employment 'The Nature and Determinants of Urban Youth Unemployment in Ethiopia' by Peace Nganwa, Deribe Assefa and Paul Mbaka as the title suggests was an assessment of the nature and determinants relying on data from Urban Employment-Unemployment Survey conducted between 2006 and 2011 by Ethiopian Central Statistics Authority. The study uses the logistic regression model to examine the relationship between urban youth unemployment and a set of explanatory variables which the authors show has experienced a decline. 45% of the

population is below 15 years and younger and the labour force which is expanding rapidly is creating pressure on the labour market and employment creation. According to the authors, the GTP unlike earlier developmental strategies of the FDRE such as the PASDEP relies on indirect means to tackle urban unemployment. Urban unemployment is over determined by a range of factors (education levels, marital status etc) and is more prevalent amongst women and the urban regions of Addis Ababa, Dire Dawa and the Amhara region and less prevalent amongst the so called emerging regions. The authors suggested changes in the educational policy and the need to tailor educational policy to the needs of the labour market, a point that was seconded in the discussion that followed.

The paper, 'Competing Urban Land Claims and Implications: The Case of Addis Ababa' jointly authored by Wz. Freyhiwet Sintayehu and Ato Yonas Ashine was presented by Ato Yonas. The study utilizing an eclectic framework of analysis combining centre-periphery analysis and a quasi-Marxian analysis to understand the emerging patterns of competition for land and settlement in Addis Ababa, The paper argued that class as a variable is an important determinant in the competition for land and different social groups and actors used varied strategies to access land. According to the authors, while land ownership has immense economic and social significance in Ethiopia, the state, 1975 land proclamation and post 1991 economic liberalization transformations are some of the key determinants in defining access to land in Addis Ababa at the current conjuncture. At present, formal (land lease, private real estate agencies engaged in construction, state led integrated housing development program) and informal means (illegal land purchases and sales and silent encroachment) are available to access land in Addis Ababa. Currently, the state's initiatives and discourse emphasizing developmentalism, urban beautification and chic have defined the emerging topography and settlement patterns in the state. The net consequences being the increasing dislocation of the poor to the periphery and suburbs of the city while the center of the city is being taken over by service providers, offices and the economically affluent.

The next paper, 'People on the Edge: A Synthesis of Urbanization induced Land Use Changes in Ethiopia' by Masresha Taye. The paper studies changes in settlement patterns in the 8 towns and six districts in the special zone surrounding Addis Ababa surrounding the capital in all four directions. The paper utilized an eclectic framework of analysis combining primary and secondary data (household survey data, interviews and focus groups discussions, maps and data derived from satellite imagery and Geographical Imaging system). Urban development in Addis Ababa coupled with high real estate prices has led to increased migration to the areas and towns in the special zone. The towns in the special zone have also experienced intensive investment in terms of industrial development, growth in population and rise in real estate prices. This in turn has generated its own set of processes which has led to rural to urban migration especially by youth who turn to petty trade and become daily unskilled labourers. Farming is expanding being pushed to the peripheries and suburbs of these towns. Interestingly, forest cover has expanded as older migrants from these towns move to the suburbs and rural areas and take up commercial forestry-plantation forestry for charcoal production. The development and expansion of these towns has thrown up its own set of challenges such as; slum expansion and squatting, poor urban and rural land use planning, pollution, limited consideration of cluster development and specialization in terms of industrial development, poor forward and backward linkages in terms of industrial development etc. The author recommended the advantages of more participatory planning and design in term of urban development planning, urban and rural land use planning, more focus on investment in agriculture, greater investment in housing development.

The discussion that followed after the above two papers raised the issue of state ownership of

land, the modalities of urban planning and development in Ethiopia, the role of speculators and state regulations in the informal/illegal markets for land. Discussants tended to argue that current pattern of urban planning and development had led to the dislocation of the urban poor and problematic industrial investment in the cities.

The paper under the sixth category raised a crosscutting theme that also emerged in the other papers and the discussions. The question of statistics regarding economic performance and wellbeing in Ethiopia, their interpretation and the suspicion that the Ethiopian state uses them for its own political benefits, had been a recurring point in the discussion. The paper authored by Peter Kohn & Jeffrey Bookwalter, titled, 'Post Dependence & Rural Development in Ethiopia: Engaging, Assessing and Partnering for Sustainable Wellbeing' was presented by one of the authors. The co-author discussed the theoretical roots and debates that have led to the contemporary acceptance of subjective measures/indicators of economic wellbeing and their validity. Amartya's notion of development understood in terms of functionings and capabilities played a central role in the process of the validation of subjective measures of economic wellbeing. He pointed out that subjective measures/indicators as a reflection of the targets/recipients of development projects were a very good measure of the successes or challenges facing a project and therefore critical for project assessment and design. More specifically, the authors in their own work relied on the Ethiopian Rural Household Survey of 1500 households which contained 19 questions which elicited subjective life assessments which according to the authors tended to reflect statistics of developing countries regarding happiness and satisfaction.

The participants tended to agree that subjective measures of economic wellbeing have been underutilized but at the same voiced qualifications over their use and interpretation, pointing out that here too problems could arise.

### **2.3 Current Policy Options**

The policy brief will not provide an comprehensive review of the current developmental policies of the Ethiopian state and assume that review of the papers will provide the reader with an idea of the general policy framework and sector policies of the FDRE government.

The overall developmental framework is often derided by critics as being dictated by ideological doctrine and political imperatives. However it needs to be pointed out that EPRDF's views regarding development and the role of the state are based not only on a review of experiences across the world but also on an interpretation of the realities in Ethiopia (EPRDF 1999: 11-47; EPRDF 2003: 35-56). The analyses and interpretations may be problematic and inflexible but reveal a pragmatism and willingness to learn from prior experiences on the part of the ruling party.

This is also the position of authors such as Vaughan (2012) and Bach (2012). Vaughan for instance argues that the developmental state and the practices of the state have passed through several iterations, while Bach states that the ruling party's ideology is rooted in several sources and is flexibly utilized in an instrumental manner.

Currently the GTP (2009/2010-2014/2015) is the framework guiding FDRE economic policy. It is a broad plan based on 7 pillars and spells out detailed strategies and objectives (with base and high case scenarios). It is a comprehensive strategy encompassing macroeconomic targets and also targets for the social sectors. The GTP addresses efforts at poverty reduction, expansion of social services, growth in agricultural production and productivity and industrial development. It defines ambitious goals across a range of sectors and sub sectors of the Ethiopian economy.

The issues and concerns raised in the conference presentations and discussions regarding the GTP



such as the marginalization of the private sector and excessive role for the state, lack of private sector involvement in the formulation of the plan, inflationary pressures and impracticality of the goals due to their ambitious nature have been raised earlier by other observers of the Ethiopian economy (World Bank, 2011:3-9). While these concerns are valid and need to be taken into account, they also seem to ignore that the GTP may be seen as an attempt to transform the structural foundations of the Ethiopian economy. In other words, that it's very ambitiousness may be due to the radical nature of the goals.

One aspect of the GTP that was raised extensively during the presentations and discussions concerned the plan to set up 10 Sugar factories. While this particular goal was described as ambitious, the criticism ignores the pros associated with this goal. The Sugar industry is a low cost investment with potentially high rates of return (due to the high demand for sugar both domestically and for export markets). Moreover, it is a highly labour intensive industry especially in terms of the seasonal labour on the plantations near the Sugar factories. In other words, there are very good economic reasons for large scale investment in the Sugar sector, and probably what may be questioned or critiqued.

The concerns regarding governance and limited public participation in the formulation and evaluation of policies is also a frequent criticism. Participation is critical and needs urgent attention. Policy formulation tends to be top down with little input from communities, civil society and the private sector. But the state is undertaking initiatives to remedy this state of affairs such as the recent announcement concerning the National Competitiveness Council. The newly created body is a joint forum between state officials and members of the private sector and has as one of its central tasks the identification of challenges and policy and bureaucratic bottlenecks impeding the functioning of the private sector. The creation of the National Competitiveness Council reveals a willingness on the part of the state to collaborate with the private sector albeit in a manner which does not question the hitherto existing pattern of policy formulation.

Another concern raised in the conference focused on the direction and implications of urban development policies and state ownership of lands. The consequences of urban development policies have been described earlier and need little explication here. It is unlikely that the ruling party will countenance the change of land tenure policies and the legalization of a market in land in the short to medium term. At the same time it is undeniable that the current system has created an informal market for land and loopholes for speculators and corruption on the part of municipal officials, a situation that the ruling party and the government are undoubtedly fully aware of.

However, there are certain changes in that until quite recently the FDRE government was often criticised for neglecting urban development. Urban development assumed its due importance with the PASDEP. Beginning with PASDEP, sectors and areas that were neglected such as industry and urban areas received greater attention (Dessalegn 2008: 133) due to demographic changes, urban poverty and the critical and supportive role urban areas and industry play in the overall development of the country including rural development. This focus has intensified with the current GTP. Moreover, initiatives such as the Integrated Housing Development Program (IHDP), condominium development and the legal proclamations regarding urban lands and housing reveal a trend on the part of the state to focus on urban areas and the urban poor. The problem is of course that the urban poor are not benefitting from these initiatives as much as they are supposed to.

The linkage between urban unemployment and the gaps in the educational system is an aspect that the current policy framework is fully cognisant of. The GTP under the social sector

development plan has plans (Education Sector Development Program IV) to expand primary and secondary education to attain MDGs, intensify and expand Technical and Vocational Training and higher education.

Regional development is not a separate sphere under the current policy framework even if the needs and realities of the so called 'emerging regions' have led the Federal government to formulate a set of policies and actions specifically directed to their requirements. The growing tendency towards the centralization of decision making power and uniformity of policy implementation however has in a number of ways prevented the regions from creatively and innovatively implementing policies or tailoring them to suit the needs of their regions.

Pastoralism as a mode of existence it is often charged has been often neglected and/or misinterpreted by the FDRE government. It is argued that the state views it as a backward and inefficient system of production and therefore sees 'settlement'/villagization' as the future for pastoralist peoples. Pastoralism is undeniably a gap in the worldview of the ruling party and the government.

A final issue is the question of statistics and their reliability and dependability as a measure of economic performance in Ethiopia. The statistics of the Ethiopian government have been questioned not only by its critics but also by institutions such as the World Bank (World Bank 2011: 10), which asserts the need for capacity upgrading of the skills of statistics collection personnel.

## **2.4 Policy Recommendations from the Conference**

### **2.4.1 Policy Framework and GTP**

There is an urgent need on the part of the ruling party and the government to clarify the Ethiopian model of development, its underlying framework and sector policies, to dispel the gaps and misunderstandings which exist amongst large sections of the public. This process could also function as a mechanism to create debate and discussion and enable policy makers to engage with the broader public and civil society.

### **2.4.2 Expand the role of private sector in the GTP.**

For instance to explore the possibilities for modalities of involvement in the GTP for the private sector in the sugar factories for instance either through involvement in projects, through sale of bonds/shares, the provision of incentives to the private sector to invest in the emerging regions and/or peripheral areas through tax breaks, subsidies etc.

### **2.4.2 Education and Vocational Training**

Continuous review and assessment of educational policy is necessary to ensure greater congruence between trained manpower and the needs of the labor market. There is a need to take into account planning and need assessment on an evolving basis.

While the continuing expansion of tertiary education sector may create its own problems in terms of unemployed and 'unemployable' labour power, there could be the possibility of the private sector, civil society and the relevant government agencies such as the Ministry of Education, the Higher Education Strategic Centre and the Higher Education Quality Assurance Agency to collaborate to develop mechanisms to continually assess the relevance and quality of curricula and training of graduates of higher educational institutions.

In terms of the GTP and in relation to the issues of the weak capabilities of the private sector especially in the construction and industrial sector and also to strengthen the Metal and Engineering Corporation (MetEC) may benefit from a new variant or new program similar to the ECBP (Engineering Capacity Building Program) run by the GIZ. This could give them the benefits of the historical and comparative advantages and skills in German industrial engineering and vocational training. Support could also be directed to initiatives of the state such as the Construction Projects Management Institute, the Leather and Leather Products Technology Institute etc.

### **2.4.3 Urban and Rural Land Ownership**

The necessity for further studies regarding the nature of land ownership, usage and availability for investors. What are the successes? What are the challenges? Is there room for improvement? Is the current pattern and system regarding land ownership giving rise to increased transaction costs? Is it creating opportunities for rent seeking? There is the reality of state facilitation of land availability for both domestic and foreign capital and issues/concerns over land grabbing and displacement of peasant and pastoralist communities. There is a need on the part of the Federal government and the regional state authorities to focus and develop sensitivity to these issues. The issuance of guidelines and principles to regulate and minimize the development induced displacement of the urban poor, poor peasants and pastoralists.

### **2.4.4 Urban Development, Planning and Industrialization in Urban Areas**

The Integrated Housing Development Program is a positive step on the part of the government but there is a need to ensure that the urban poor are made beneficiaries of the policy. In general urban development and pro-poor development and planning initiatives at the urban level need to ensure more effective targeting.

Municipal and urban administrations could use the reformed and expanded Kebele and Wereda councils as a vehicle to integrate the views and preferences of local inhabitants regarding urban development initiatives

Urban administrations need to devise mechanisms to balance the formal and unofficial imperatives and discourse of urban development such as developmentalism beautification, quest for chic and the housing and service needs of the urban poor and lower income urban inhabitants.

Ministry of Urban Development and municipal-town administrations need to undertake measures to protect urban poor and lower income inhabitants from the operations of informal market for land and housing.

Urban planning and industrial planning and investment in urban areas need to be based on clustered development and specialization.

### **2.4.5 Regional Development Initiatives**

Capacities and capabilities (administrative, fiscal and developmental) at the regional level should be emphasized.

Federalism and fiscal autonomy in the Ethiopian federal system should allow for and even encourage the emergence of inter-jurisdictional competition between regions for e.g. in terms of incentives and subsidies to attract investment

The imbalance between the federal government and regional states in terms of revenue sources

and shares should be remedied.

Studies should be carried out to assess the linkage between Ethiopian model of Federalism and ramifications for economic development (in terms of investment, mobility of factors of production?) Is there space for a greater role and engagement of the Federal government of Ethiopia to facilitate mobility of labour and capital? And following from exploratory and descriptive studies formulating policy recommendations.

#### **2.4.5 Pastoralism**

The pastoralist sector deserves a reframing of the paradigm that is guiding developmental interventions. This process should involve local communities, civil society and the state.

The state and regional authorities need to integrate local knowledge and local practices in terms of formulating and implementing developmental interventions.

#### **2.4.6 Statistics and Data Survey**

It is clear that questions regarding the economic statistics of the FDRE government put into doubt its successes in the economic sphere. At the same these doubts or their basis is unclear. Is it the methodology of the CSA that is being questioned? Or is it the suspicion voiced by several presenters that economic statistics are manipulated by the state, figures inflated for political purposes? But this also opens up the possibility of civil society organizations in Ethiopia playing a part in gauging economic wellbeing. This could take the form of CSOs undertaking subjective measurements of economic performance/well-being and being awarded a role in data collection and analysis.

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