

# Examining Ethiopia's Socioeconomic Development since 2010: An Examination of Development Strategies

---

Bachelor Thesis for Obtaining the Degree

Bachelor of Science

International Management

Submitted to Davis Gibbs, MSc

Charlotte Haskamp

61904317

Vienna, 20 June 2023

# Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

The thesis was not submitted in the same or in a substantially similar version, not even partially, to another examination board and was not published elsewhere.

20.06.2023

---

Date

## Abstract

Ethiopia has been experiencing tremendous growth and is considered one of the fastest growing economies in Africa. It has made significant progress in recent years with regards to reaching their sustainable development goals. Nevertheless, various challenges hinder further development, specifically in areas of poverty reduction, exposure to opportunity, income (in)equality and social development. This study therefore aims to analyze development strategies that are being implemented by the Ethiopian government, the contribution of development aid and their effectiveness for socioeconomic progress.

The thesis focuses on the change in development experienced in Ethiopia, by using key performance measurements to statistically represent change, as well as assess the effectiveness of development strategies in mid- to long-term goal definition in cooperation with development partners. A qualitative research design was chosen to support the secondary data by conducting four asynchronous interviews with experts representing four different stakeholder groups.

The research concludes a strong relationship between socioeconomic development, partners and strategies implemented. However, the implementation process in addition to the collaboration between government and development partners face many challenges that slow socioeconomic development in Ethiopia.

## TABLE OF CONTENTS

<b><i>Affidavit</i></b> .....	<b>2</b>
<b><i>Abstract</i></b> .....	<b>3</b>
<b><i>List of Tables</i></b> .....	<b>6</b>
<b><i>List of Figures</i></b> .....	<b>7</b>
<b><i>List of Abbreviations</i></b> .....	<b>8</b>
<b>1 Introduction</b> .....	<b>9</b>
1.1 Background .....	9
1.2 Purpose of research.....	11
1.3 Thesis structure .....	12
<b>2 Literature Review</b> .....	<b>12</b>
2.1 Theoretical framework .....	12
2.2 Three pillars of development.....	13
2.2.1 Economic Development .....	15
2.2.2 Social Development .....	17
2.2.3 Environmental Development .....	20
2.3 Socioeconomic development.....	21
2.4 Socioeconomic performance of Ethiopia .....	22
2.5 Development Aid.....	25
2.6 Development strategies in Ethiopia .....	27
2.6.1 Home Grown Economic Reform .....	27
2.6.2 The 10 Year Development Plan.....	29
<b>3 Methodology</b> .....	<b>32</b>
3.1 Research design.....	32
3.2 Data collection .....	32
3.3 Interview development .....	33
3.4 Interview questions.....	34
3.5 Analyzing the results .....	35
3.6 Limitations of methodology .....	35
<b>4 Results</b> .....	<b>35</b>
4.1 Question 1: To what extent have you experienced development in Ethiopia?.....	35
4.2 Question 2: What are key drivers of development in Ethiopia?.....	37
4.3 Question 3: What are key development challenges in Ethiopia? .....	38
4.4 Question 4: Are you familiar with HGER and the 10 Year Development Plan? .....	38

4.5	Question 5: What kind of development progress have you experienced linked to development strategies implemented in Ethiopia? .....	38
4.6	Question 6: How have development strategies in Ethiopia evolved since 2010? .....	39
4.7	Question 7: To what extent are the three pillars of development the foundation of development strategies? .....	39
4.8	Question 8: How has development aid contributed to the rapid economic growth? .....	40
4.9	Question 9: What are key successes and challenges associated with aid programs and initiatives? .....	42
4.10	Question 10: How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals? .....	43
<b>5</b>	<b><i>Discussions and analysis</i></b> .....	<b>43</b>
5.1	<b>SWOT analysis</b> .....	<b>44</b>
5.1.1	Strengths .....	44
5.1.2	Weaknesses .....	45
5.1.3	Opportunities .....	46
5.1.4	Threats .....	47
5.2	<b>Further discussion</b> .....	<b>48</b>
<b>6</b>	<b><i>Conclusion</i></b> .....	<b>53</b>
6.1	<b>Recommendations</b> .....	<b>53</b>
6.1.1	The government as a stakeholder.....	53
6.1.2	The private sector as a stakeholder .....	54
6.1.3	NGOs as a stakeholder .....	54
6.1.4	Citizens as a stakeholder .....	55
6.2	<b>Limitations and future research implications</b> .....	<b>55</b>
6.3	<b>Overall conclusion</b> .....	<b>56</b>
<b>7</b>	<b><i>Bibliography</i></b> .....	<b>57</b>
<b>8</b>	<b><i>Appendices</i></b> .....	<b>62</b>
8.1	<b>Appendix A: interview questions</b> .....	<b>62</b>
8.2	<b>Appendix B: interviewee information</b> .....	<b>63</b>
8.3	<b>Appendix C: interview responses</b> .....	<b>64</b>

## List of Tables

TABLE 1 SOCIAL PROGRESS INDEX ETHIOPIA 2022	25
TABLE 2 DEVELOPMENT OUTCOME	30
TABLE 3 INTERVIEWEE INFORMATION	63

## List of Figures

FIGURE 1 THREE PILLARS OF DEVELOPMENT	13
FIGURE 2 GROSS NATIONAL INCOME	23
FIGURE 3 HUMAN DEVELOPMENT INDEX SCORE ETHIOPIA	24
FIGURE 4 OFFICIAL AID RECEIVED WORLD WIDE	26
FIGURE 5 SCHOOL ENROLLMENT, PRIMARY (%GROSS)	37
FIGURE 6 WHEAT PRODUCTION AND IMPORTS IN ETHIOPIA (2005-2021)	41
FIGURE 7 SWOT ANALYSIS	44
FIGURE 8 POVERTY REDUCTION HEADCOUNT	52

## List of Abbreviations

BoP	Balance Of Payment
EPI	Environmental Performance Index
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GIZ	Gesellschaft Für Internationale Zusammenarbeit (German Development Corporation)
GNHI	Gross National Happiness Index
GNI	Gross National Income
HDI	Human Development Index
HGER	Home Grown Economic Reform
KPI	Key Performance Measurement
LDC	Low Developed Country
MDC	More Developed Countries
NGO	Non-Governmental Organization
ODA	Official Development Assistance
SDG	Sustainable Development Goals
SNA	System Of National Accounts
SPI	Social Progress Index
UN	United Nations
UNDP	United Nation Development Program



# 1 Introduction

## 1.1 Background

Development is understood to drive growth, progress, and beneficial change in areas such as physical, economic, environmental, social and demographics. The objective of development is to increase the level of equality of populations on a global scale, to generate or expand per capita income and increase employment opportunities, while keeping a strong focus on sustainability and environmental awareness (SID, 2021). Social as well as economic inequalities have led the developed world to increase their presence in less developed countries, with the main goal of assisting people escape poverty, stabilizing political systems and increase economic activity (Stockmann, 2013). To successfully reach set objectives in aid receiving countries, development strategies need to be put in place. This form of planning is advantageous for both developed and underdeveloped countries. While developed nations use strategies to maintain or accelerate their already achieved growth, countries which are less developed use strategies to eliminate poverty and increase the national standard of living. Strategies can lead to job creation, increase per capita income, reduce inequalities, while increasing overall economic development (Wazza, 2022). There are three general strategies: the private investor led market economy approach, the development state model and approaches that focus on human development. The private investor led market economy approach, which is commonly encouraged by western nations, looks at broad-based economic growth. The development state model insinuates that the state leads the development of a country by establishing long-term goals that go beyond the targets of existing sectors or building successful public institutions, while the human development approach looks at education, health, gender inequality and participation in society (Anderson, 2012).

The three broad strategies mentioned above can be implemented uniquely depending on the circumstances in a given country. They are economic constructs that define goals, consistently identify how these goals can be reached, and recognize policy tools, without disregarding trade-offs. Development strategies implemented in a country take aim at key issues for the medium to long-term without the necessity of being comprehensive. They help policymakers and external advisors move towards positive change rather than following a historic track,

which may have a strong focus on short-term issues that do not relate to long-term goals. Development strategies are meant to encourage development through an ambitious and highly driven government (Priewe, 2015).

To give increased context of development strategies, this research paper will do an in-depth analysis of current strategies implemented in Ethiopia. As a nation, Ethiopia has been experiencing significant humanitarian needs due to an accumulation of dramatic crises: natural disasters, epidemic outbreak, conflict, and inter-communal clashes (European Commission, 2022). With a population of approximately 117 million people, it is Africa's second most populous country after Nigeria (The World Bank, 2022). Capital accumulation through public infrastructure investment has been one of the main drivers that lead the Ethiopian economy to be among the fastest growing over the past 15 years. According to a report published by the World Bank (2022), the economic growth led to a reduction in the poverty trend in both urban and rural areas, while decreasing the national poverty line from 30% in 2011 to 24% in 2016. Nevertheless, Ethiopia still experiences challenges in combatting poverty and sustainable, positive economic development. Both areas require advancement in employment opportunities and improved governance to ensure equity across the nation. Additionally, Ethiopia still experiences challenges due to adverse weather events, insect invasions, conflict, and high inflation of the local currency, resulting in growing food insecurity. In 2022 southern and eastern parts of the country experienced the worst drought in 40 years, which affects more than 20 million people with severe food insecurity (The World Bank, 2022).

Ethiopia has had strategies in place since the Imperial Region in 1957. During the time after World War 2, strategies and plans were introduced. However, those were not part of a general framework, rather it was sectoral strategies that focused on agriculture, industry, forestry, transport and telecommunications, education and water resources to serve as a basis for government policy (Abegaz, 1998). The experience in implementing strategies in sectoral programs and international financial support in the form of loans and grants, led the Ethiopian government to establish a diverse development plan for the country. The first Five Year Development Plan was introduced in 1957 and the Second Five Year Plan in 1962 (Wazza, 2022). The introduction of these strategies was beneficial, yet as they were not developed around medium to long-term plans, a solid foundation for sustainable economic growth was

lacking and momentum in socioeconomic development was continuously lost. Furthermore, the five-year plans showed that most key issues are due to the basic weakness and short sightedness of the economic structure in Ethiopia. Therefore, in 1984, the Office of the National Committee for Central Planning introduced the first long-term plan called the Ten-Year Perspective Plan. This form of development strategy, introduced by the Dergue regime, has been continued until now (Asfaw, 1992). The most current development strategy was introduced in 2021: Ten Year Development Plan: A Pathway to Prosperity 2021-2030, which will be elaborated on in the literature review.

## 1.2 Purpose of research

Development strategies in Ethiopia are not a foreign approach to increase overall development. However, is there a causal relationship between these strategies and social and economic development? The purpose of this study is therefore, to analyze development strategies and answer the guiding research question:

1. How has development aid in Ethiopia evolved since 2010?
2. What development strategies have been integrated in Ethiopia since 2010?
3. How have these strategies impacted socioeconomic development in Ethiopia?

The findings of this research paper aim to beneficially contribute to existing literature that focus on development strategies and their effects on socioeconomic development in Ethiopia as well as other developing countries. Additionally, a multistakeholder approach, which looks at key stakeholders' participatory decision-making and impacts on a country level, provides this study with empirical based findings, assisting in drawing a conclusion about what strategies have been most successful in the implementation process and how other strategies may be adapted in the future.

### 1.3 Thesis structure

This research paper will start with a literature review where valuable secondary research will be analyzed to explore the topic of this study. This section consists of essential elements that aid in understanding and conceptualizing development, development strategies, linked to key performance measurements and socioeconomic development in Ethiopia. The second part is the methodology. This section demonstrates the research design used including an explanation to why a qualitative method has been chosen. The third section will focus on the analysis of results from the data collection to summarize the empirical nature of this research. The closing section of this paper is the discussion of findings. The purpose of this part is to draw a conclusion from the data analysis as well as introduce limitations of the research process, future research implications and provide recommendations.

## 2 Literature Review

The following section is going to present an in-depth analysis of development strategies and its link to socioeconomic development, specifically looking at Ethiopia. To dissect this topic, the following section is divided into a thorough examination of the theoretical framework used throughout the research, the three pillars of development, socioeconomic development, socioeconomic performance in Ethiopia, development aid and finally development strategies implemented in Ethiopia.

### 2.1 Theoretical framework

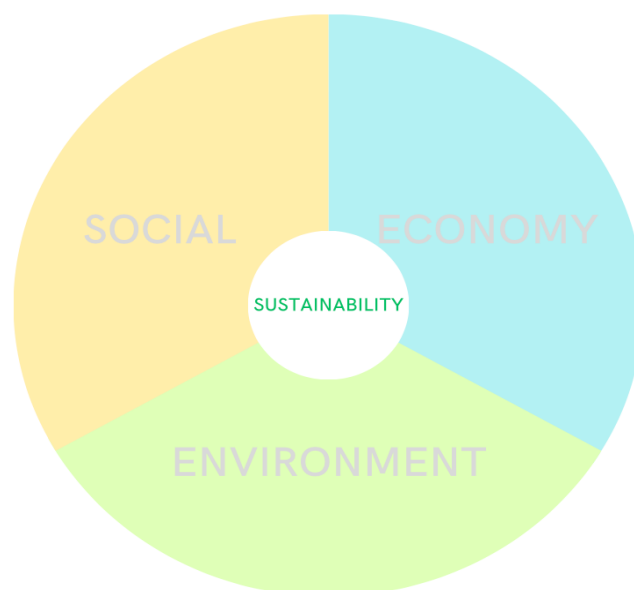
This paper is supported by the development theory. This theory's aim is to explain processes, causes and final outcomes of social and economic development and is constructed on multiple sub-theories. In the mid-20th century, the modernization theory was introduced. It was the first of its kind and the most influential. This sub-theory suggests that economic development is directly linked and caused by industrialization and modernization through the implementation of western ideologies. The main concept is that modern technology, capital investment, and the development of a strong workforce can lead traditional societies to being transformed into economic powerhouses (Rostow, 1960). A second, highly important sub-theory is dependency theory. It was established with a critical viewpoint of modernization

theory in the 1960s as it suggests that economic development is highly impacted by the relationships between developed and developing countries (Cardoso & Faletto, 1979). The third influential sub-theory is the human development approach. It was established to overcome the lack of social emphasis from earlier theories and was developed in the 1990s. Its focus lays on increasing living standards and improving the well-being of populations, rather than an isolated focus on economic growth (Nussbaum, 2011).

Development theory is evidently complex and gives an in-depth understanding of what development is. Therefore, it is used to guide the research when exploring the relationship between development strategies and socioeconomic development in Ethiopia.

## 2.2 Three pillars of development

The concept of the three pillars of sustainable development looks at social, environmental and economic development. Often these terms are placed in a diagram to visually represent the codependence of the three as seen in Figure 1. In the center of the circle is sustainability, as development, should be based on sustainable measures that ensure responsible use of resources without depleting the economy, the environment or society and guaranteeing access to these resources for future generations (Morelli, 2011).



*Figure 1 Three Pillars of Development*

*Created by the author*

It is important to note that the conceptualization of the three pillars is not a universal understanding that is based on a theoretical framework. It gives a broad outline of desirable goals within these three categories, subject to trade-offs (Purvis et al., 2018).

It is imperative to look at the historical context to understand the emergence of the three pillars of sustainable development. After World War II the western world perceived it to be necessary that the developing world must be supported in economic growth as it was believed to solve social as well as environmental issues. Nevertheless, most efforts to provide aid were failing to materialize as the perceived solution of economic growth presented itself to be false. On the contrary, it was the main cause for social as well as environmental issues (Purvis et al., 2018).

The UN Conference on the Human Environment took place in Stockholm in 1972. The summit's aim was to address human activity on the environment while combining economic development with environmental integrity. The conference introduced the concept of 'eco-development' which Ignacy Sachs defines as a proposal for a new development structure that focuses on balancing social and economic goals, motivated by ecologically favorable management and in solidarity with future generations (Purvis et al., 2018). Eco-development aims to meet basic human needs, participation, environmental considerations and strengthening the concept of self-sufficiency, which not only is defined as freedom from structural dependence on other countries, but liberation from political pressures or transnational corporations (Glaeser, 1984). The concept of sustainable economic development was acknowledged globally; however, the developing world rejected the 'basic needs' approach that was introduced with the eco development movement. After the economic collapse in the 1970s, there was a trend towards modernization and a new global economic direction, which LDCs viewed as increasingly appropriate and potentially more successful than only focusing on meeting basic needs. Critique on eco-development grew, which led McNamara, the president of the World Bank at the time to advocate finding momentum of economic activity and growth again in order to stimulate development (Purvis et al., 2018).

The contradictory ideas of eco-development and growth in productivity led the UN World Commission on Environment and Development to publish a report called 'Our Common

Future', introducing a 'new era of economic growth- growth that is forceful and at the same time socially and environmentally sustainable' (Purvis et al., 2018, p.684). It becomes evident that the debate on solutions to the development issue has come full circle, where the apparent cause, economic growth, has become the solution again, linked to sustainable processes (Purvis et al., 2018). This can also be seen in development strategies as, regardless of what area it focuses on, economic stability is imperative to successfully follow a strategy.

### 2.2.1 Economic Development

Economic development can be understood as the status and variety of economic assets that are available in a given country. It also looks at the distribution across the nation, as overall availability will determine the level of economic development. A direct link can be seen between how fast society can adapt to change and the diversity of economic resources, therefore many argue that the foundation of overall development in a given country is economic development (Zakpur et al., 2018). According to Taras (n.d.) economic development is essential to encourage prosperity, terminating poverty, ending inequality, and preserving the environment. He states that these global goals, cannot be achieved without a strong, functioning private sector and dynamic economy as it creates employment opportunities, encourages innovation, generates economic growth and is the foundation for a functioning tax system (Taras, n.d.).

Many economists say that economic development focuses on capital, that being results of human activity, natural resources, human capital, or social aspects which need to be sustained (World Bank, 2006). Goodland and Ledec (1987) focus on the preservation of natural resources, that need to be sustained to guarantee access for future generations, while focusing on reducing dependency on non-renewable resources by restricting access for society today and future generations. Another approach to sustainable economic development is optimal resource management. This definition says that the income of future generations should not be impacted by the resources we use today as sustainability requires equal accessibility to resources, which must be achieved in each generation (Moldan et al., 2011).

Areas that are in focus when looking at economic development are economic productivity, per capita economic growth, in line with national conditions, technological innovation, policy as well as access to financial services (United Nations, 2022).

### *2.2.1.1 Performance Measurements of Economic Development*

Performance measures of economic activity allow analysis of national and global economic activity, which is important due to international trade. Measures of economic development are Gross Domestic Product (GDP), Gross National Income (GNI), Human Development Index (HDI) and other indicators such as employment and poverty rates (The World Bank, 2019; UNDP, 2020).

The most frequently used is GDP which looks at indicators such central government budgets, prices, money supply and balance of payments, while taking into account indicators like consumption, investment and international commerce. The sustainable development goals (SDGs) are connected to world development indicators of economic development. Specifically goal 8, which promotes appropriate work and expansion of the economy, and goal 2, encouraging sustainable consumption and production (The World Bank, 2019).

Statistical standards allow data to be organized internationally. System of National Accounts (SNA) presents thorough, integrated accounting systems, enabling cross-national comparison of notable economic activity. Another standardized system is the Balance of Payments (BoP), which observes international financial transactions. Government Finance Statistics and monetary and Financial Statistics are additional systems that monitor income and expenditures of governments. It is important to acknowledge that the execution of these standards differ at national levels (The World Bank, 2019)

Another indicator of economic development is Gross National Income (GNI). The GNI is used to evaluate wealth and the ability to provide for the population in a given country. It is calculated as the total population divided by the sum of all domestic and global value added. In addition, for analytical purposes, the GNI is used to divide a population into four income groups: low-income, lower-middle-income, upper-middle-income, high income (The World Bank, 2019).



Regardless of their importance in measuring economic development, GDP and GNI come with limitations. GDP only looks at the economy, without addressing standard of living and life quality of a given population. This led the United Nations Development Program (UNDP) to develop another form of measurement referred to as the Human Development Index (HDI). This index focuses on life expectancy, education, and income and directly links it to the development of the economy (UNDP, 2020).

Measures of economic development are important; however, they do not capture the distribution of wealth and income, nor do they examine at the environmental and social costs of economic activity. This led economists to also take poverty rates, inequality measures and environmental sustainability indicators into consideration when measuring economic development (Stiglitz, et al., 2009). It has become evident that combining different indicators is essential to produce accurate data on economic development in a given country.

### 2.2.2 Social Development

The human aspect of development is focusing on increasing individual exposure to opportunities, to achieve overall well-being and become an acting member in society. Measuring social development will assist policy makers understand social challenges a country is facing and identify strategies that work towards improving social circumstances. Social development draws attention to investing resources early on to ensure that opportunities are presented throughout life (Taqi, 2020). The World Bank (2021) defines social development as improving the emphasis on people who have not experienced favorable economic and social circumstances due to any given facts, while increasing investments in inclusive growth.

There is no universal definition of the concept. According to Misiunas (2009) there are two main aspects that social development focuses on: the importance of meeting basic social needs and equality between generations. Other researchers, Gates and Lee (2005) argue that social development roots from social capital that gives society the ability to meet basic needs, while being resilient to change and problems that may occur. They state that the distribution of social capital is essential to obtain the four principles of equality, social cohesion, safety, and adaptability. Equality means that resources are appropriately distributed in time and space, with a strong focus on poor and vulnerable members of society. Social cohesion refers

to providing the ability for members of a society to participate in and communicate with all members of society. Safety includes the economic and the environmental aspect, as well as mutual social support. Adaptability means that society can adjust to changing circumstances and problems occurring (Gates & Lee, 2005). It is also important to take the aspects of ethical knowledge, local experiences, and traditions into consideration.

Social development and sustainability are strongly linked concepts. Social development recognizes the importance of promoting sustainable practices and reducing environmental depletion. Through education and job training, marginalized communities could act more sustainably and minimize their reliance on environmentally harmful activities. Goodland (2002) argues that the protection of heritage and culture from a social perspective may be a more sustainable way of social development. Goodland states that finite resources can be regenerated through cultural knowledge. Yet it is also mentioned that this highly depends on territory as well as social values and characteristics (Goodland, 2002). McKenzie (2004) also emphasized the importance of preserving cultural heritage and cultural practices as those source from more sustainable and natural practices reducing negative impact on the environment, suggesting being more sustainable.

It becomes evident that social development is a complex concept, focusing on many factors. The United Nations Department of Economic and Social Affairs places importance on the following issues: ..."ageing, civil society, cooperatives, disability, employment, family, indigenous people, inequality, poverty, social inclusion, sport for development and peace and finally youth" (Taqi, 2020).

#### *2.2.2.1 Performance Measurements of Social Development*

Introduced as an indicator for economic development, the HDI is also a performance measurement for social development. Going into more detail, the three variables of life expectancy, education and remuneration are measured as follows: life expectancy is measured by life expectancy at birth, status of education is measured by the mean years of schooling for adults at the age of 25 and higher and expected schooling years for children entering school. Standard of living is measured by studied by looking at GNI per capita. The scores for the variables are totaled into a compound index using a geometric average. The HDI is a beneficial index that provides a general outline of a country's performance when

looking at social development, however it does not reflect inequalities, poverty, security, and empowerment (UNDP, 2023).

Another measurement has been introduced by the Social Progress Imperative called the Social Progress Index (SPI). It measures the performance of various variables of social and environmental performance by looking at four key design principles: exclusively social and environmental indicators. The goal is to solely focus on social progress, rather than incorporating economic outcomes. SPI looks at outcomes not inputs, to see what is achieved and factually received by society, rather than analyzing the efforts that have been made. Additionally, SPI is holistic and relevant to all countries, giving a better understanding of what measures high income countries are putting in place to pass on knowledge and experience. Finally, the SPI is actionable, meaning that it assists governments to introduce policies that encourage social progress. The index is formed around 12 components and 53 individual indicators (Green et al., 2021). It produces aggregates scores and ranks of countries, while also benchmarking specific areas of strength and weakness. The 12 components are divided into three categories: basic human needs, foundations of wellbeing and opportunity (Green et al., 2021).

The Gross National Happiness Index (GNHI) is another form of measurement that is used to analyze social development. While there is no universal definition, the most often used is that it “measures the quality of a country in a more holistic way and believes that the beneficial development of human society takes place when material and spiritual development occurs side by side to complement and reinforce each other” (Ura et al., 2012, p. 5). The GNHI focuses on nine dimensions: psychological welfare, use of time, community vitality, cultural representation, ecological flexibility, standard of living, health, education, and good governance. It aggregates 33 standards that are made up of 124 variables (Ura et al., 2021). The threshold of ‘happiness’ is 66%, meaning that 66% of the 124 variables need to be sufficient, however it is essential to mention that not all variables are universal applicability, indicating that the variables present may be different for individuals or on a national level (Ura et al., 2021).

According to Slimani (2021), recent studies have indicated that focusing on HDI limits the analysis to a standard welfare measure rather than measuring the breadth and texture of

people's lives, therefore indices like the SPI or GNHI have been used more frequently to measure social development in recent years. Other measures such as poverty rates and literacy rates are also analyzed when measuring social development. Poverty rates are linked to the well-being of a population, while literacy rates are reflected by the level of education of a population which is translated into the ability to participate in social, economic, and political life of their communities (UNESCO, n.a.).

### 2.2.3 Environmental Development

When focusing on the term environmental, it is essential to understand that the definition differs from the term ecological. Environmental sustainability focuses on the impact humans have on ecosystems, while the term ecological looks at an interdependence of several factors within a natural system, ignoring human impacts (Morelli, 2011). Therefore, in the context of this study, environmental development is consciously chosen as it links human activity to the environment.

The pillar of environmental development focuses on growing and bringing the environment to its full natural potential, while protecting and renewing natural resources and environmental culture. The overall objective is to develop the environment's ability to adjust to change and reduce the status of conservation in given areas. Thus, economic development and growth in productivity should not be reflected in the environment (Duran et al., 2015). Environmental policies have been proposed by international institutions and SDGs have been introduced by the United Nations. These include providing access to sanitary energy of low cost, making cities sustainable, creating responsible and sustainable consumption patterns of natural resources, taking acute action to fight climate change and preserve marine ecosystems. The final environmentally motivated goal is to protect and restore terrestrial ecosystems: this includes sustainable management of forests, combatting desertification and reversing land degradation to stop the loss of biodiversity (United Nations, 2022). Unfortunately, due to associated opportunity costs in the economy, there has been resilience in acting environmentally responsibility in the past, therefore environmental development is taking place quite slowly (Duran et al., 2015).

### 2.2.3.1 *Performance Measurement of Environmental Development*

Sustainable environmental development can be measured with the Environmental Performance Index (EPI), which assesses the development of countries towards achieving environmental sustainability. In other words, the EPI is a metric that evaluates how successful nations are moving towards environmental sustainability (Schmiedeknecht, 2013). It looks at a variety of environmental, socioeconomic, and institutional factors that impact and characterize environmental sustainability in a given country (Schmiedeknecht, 2013). The index was developed by the Center of International Earth Science Information Network, Earth Institute at Columbia University and the Yale Center of Environmental Law and Policy (United Nations, 2004).

The EPI score is based on 40 performance indicators, over 11 problem classifications and grades 180 countries on their environmental wellbeing, vitality of ecosystems and climate change performance (Wolf et al., 2022). The index allows cross-national comparison, which gives a transparent overview of countries that are reaching environmental policy targets and those who struggle to do so, while providing direction towards a sustainable future. It also provides a policy tool to meet the SDGs developed by the UN (Wolf et al., 2022).

## 2.3 Socioeconomic development

The three pillars of development give an overview of what development means when looking at the three areas in isolation. However, as it is a model, it does not capture the real system of development and the interconnectedness between society, economy and environment. Therefore, it is necessary to examine the areas of development as a dynamic system, where each area has a direct effect on the other. For the purpose of this research, the following section will look at the connection between social and economic development. Socioeconomic development can be defined as “planned and comprehensive economic, social, cultural and political process, in a defined geographic area, that is rights-based and ecologically oriented and aims to continually improve the well-being of the entire population” (Fritz, 2003, p.1). Socioeconomic development is therefore referred to as the progress of social and economic elements within a geographic area. It is the combination of increasing levels of prosperity through an increase of production of goods and services, while looking at

social dynamics in terms of social concerns as individuals being representatives of development and people centered contribution methods to development (Fritz, 2003).

Economic growth is a key factor of socioeconomic development, nevertheless, economic growth alone will not guarantee it. To interpret this into social and economic benefits, factors such as poverty reduction, social inclusion, and environmental sustainability have to be considered. Especially poverty reduction needs to be prioritized as it provides people with necessities such as food, shelter and healthcare. Another important aspect is social inclusion. Its main focus is to ensure that all members of a community have the same opportunity to take part in social, economic and political activities. Education, healthcare and other social services are included. Even though socioeconomic development does not include the environment in its name, environmental sustainability is crucial for socioeconomic development. As it ensures sustainable use of resources, places importance on the usage of renewable energy, calls for action to the reduction of greenhouse gas emissions and protecting natural ecosystems (Litwinski, 2019).

It is evident that socioeconomic development is a complex and multidimensional process. The collaboration of different stakeholders, which includes governments, public organizations, and the private sector, is necessary for a country to develop in a socioeconomic context. Governments are key as they form strategies and implement policies that support the long-term objectives. Public organizations often speak for marginalized and vulnerable groups, making them a crucial part of promoting socioeconomic development. Investment, innovation and job creation are promoted through the private sector, making them another important actor in socioeconomic development. From research, it has become clear that successful socioeconomic development comes from decreasing poverty rates, social inclusion as well as environmental sustainability. Overall, socioeconomic development focuses on improving quality of life and promoting quality as well as justice in society.

## 2.4 Socioeconomic performance of Ethiopia

For further analysis of development within the three pillars and socioeconomic development, this section will look at the socioeconomic performance of Ethiopia. The country has two areas of focus: reducing poverty, while sustaining their economic growth, which is equitable cross-nationally. To combat these challenges the World Bank (2022) states that Ethiopia

should focus on job creation and improve its governance. However, over the last decade, disruptors like conflict in the north of the country and the COVID-19 pandemic, have significantly impacted socioeconomic development in terms of quality of life and infrastructure. The COVID-19 pandemic’s impact on the labor market became an issue of global concern. Specifically informal employees, and low-income earners are at risk due to the destructive effects of the pandemic (Mamo, et al., 2022). Ethiopia’s unemployment rate increased from 3.2% in the fiscal year 2019/2020 to 4.1% in the fiscal year 2020/2021 (The World Bank, 2023). This indicates, that due to a decrease in employment, the wellbeing and standard of living has been impaired for many households, having a negative effect on socioeconomic development. The conflict in the Tigray region of Ethiopia, which started in 2020, had severe regional impacts. Jan Nyassen from Ghent University estimates that 600,000 people have died due to the conflict and thousands of households have been displaced from their homes, while more than 13 million people are requiring of humanitarian assistance (Evennett, 2022). Food insecurity is an additional challenge, due to the conflict as well as extreme weather events and inflation of food prices. Specifically, climate change is undermining agricultural and pastoral livelihoods, exacerbating food insecurity. Additionally, the private sector is facing challenges due to constraints in the business climate and competitiveness, which results in slowed job creation. Lastly, pressure is added as the workforce in Ethiopia is growing with approximately two million people reaching working age per year (The World Bank, 2022). This requires the labor market to improve current jobs, as well as create new employment opportunities.

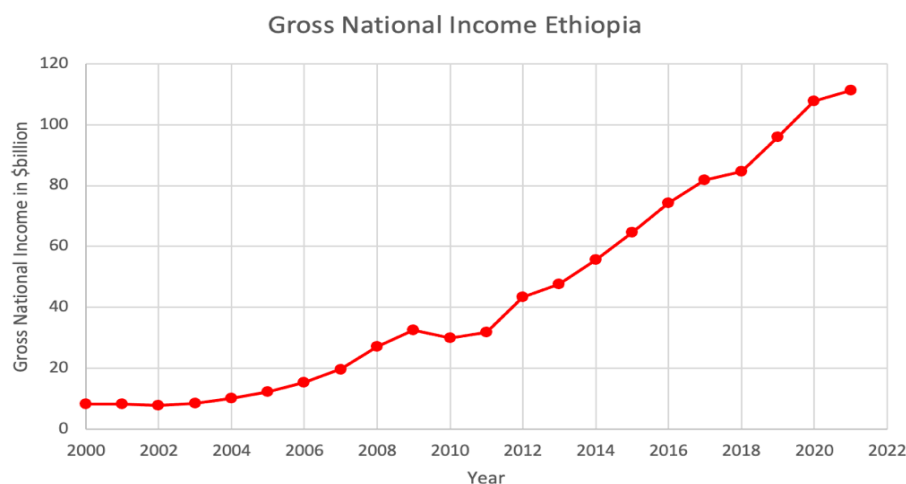


Figure 2 Gross National Income

Created by the author

When looking at the statistical performance of socioeconomic factors, it becomes clear that since 2000, the GNI of Ethiopia has grown tremendously. Its value increased from \$8.24 billion in 2000 to \$111.27 billion in 2021 as seen in Figure 2 (The World Bank, 2023). This rapid growth was realized through high amounts of public investment, which directly translated into the productivity of Ethiopia. Regardless of the expansile growth in GNI, it does not seem to be reflected in the social development of the country. Figure 3 shows the Human Development Index for Ethiopia, which was introduced as a social and economic performance measurement at an earlier stage. It presents one of the lowest scores in the world with 0.29 in 2000, which only increased to 0.5 in 2021 (World Bank, 2023).

This indicates that access to education, health and standard of living stays inadequate and is

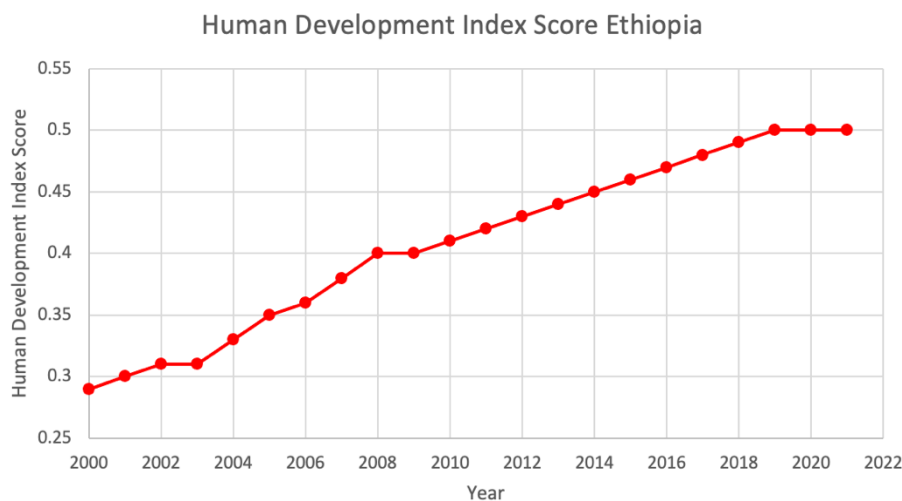


Figure 3 Human Development Index Score Ethiopia

*Created by the author*

not equally distributed within the country even though economic activity increased (United Nations, 2023). The Social Progress Index is another performance measurement that specifically examines social factors within a country. Similarly, to the HDI, the SPI does not reflect the increase in GNI. Ethiopia ranks significantly low, being placed 150<sup>th</sup> out of 169 countries represented and has an overall score of 47.43 out of 100 (Social Performance Imperative, 2022). This underlines the challenges the country is facing in relation to social development and that there is no direct relationship between and increasing GDP and social performance measurements. Table 1 shows scores and ranks of Ethiopia in basic human needs, foundation of wellbeing and opportunity (Social Performance Imperative, 2022).



This concludes that Ethiopia faces multidimensional challenges that require a clear structure to overcome in order to guarantee socioeconomic development and continuously improve

Social Progress Index Ethiopia 2022	Score out of 100	Rank out of 169
<b>Basic Human Needs includes</b>		
Nutrition and basic medical care		
Water sanitation	51.66	152
Shelter		
Personal safety		
<b>Foundations of Well Being</b>		
Access to basic knowledge		
Access to information	46.17	149
Health and wellness		
Environmental quality		
<b>Opportunity</b>		
Personal rights		
Personal freedom	44.46	130
Inclusiveness		
Access to advanced education		

Table 1 Social Progress Index Ethiopia 2022

Created by the author

the wellbeing of the population while strengthening the economy. The following sections will place focus on the development aid to combat these challenges and assist development in the mid- to long term.

## 2.5 Development Aid

Countries around the world have been experiencing differences when looking at development and growth of economies. Labels of these differences have been introduced, broadly identifying nations with low income as less developed countries (LDC) and high-income nations as more developed countries (MDC). This contrast led MDCs to introduce aid in less developed nations labeling it official development aid (ODA) (Jakupec & Kelly, 2016). It is defined as governmental support specifically focusing on economic growth and welfare of developing countries guided by the three pillars of development introduced earlier. Aid encourages economic productivity with a direct link to social development as it focuses on access to educational systems, establishing healthcare, agricultural development, and security of the population (Lachmann, 2010).

To understand the needs of LDCs, one must look at circumstances that characterize developing countries homogeneously. Deficits in food supply of a society, low financial resources of a large part of the population, high unemployment rates and a lack of opportunities for participation in politics and education are considered aspects of countries

in need of development aid (Lachmann, 2010). Organizations then offer support by providing both financial and humanitarian assistance. As seen in Figure 4, ODA in 2020 totaled \$185.9

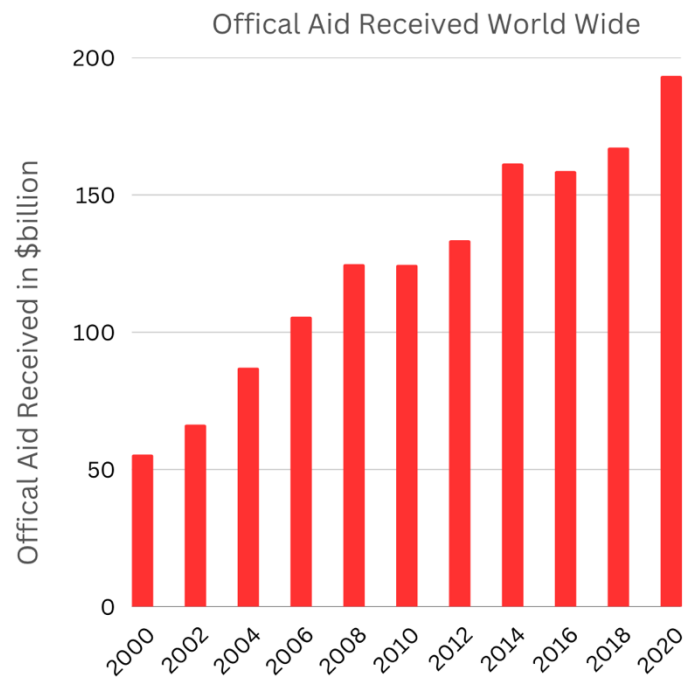


Figure 4 Official Aid Received World Wide

*Created by the author*

billion, which is one third of the Development Assistance Committee’s gross national income combined (OECD, n.d.). Financial resources used must be incorporated in a transparent and economically efficient manner. Specific regulatory systems address this issue, which however varies from country to country. In Germany for example, monetary flows are controlled by the Bundesministerium für Zusammenarbeit (Bohnet & Marschall, 2018).

Fundamentally, development aid is about combating social inequalities by active participation of industrialized countries. The motives behind development aid are ensuring a democratic and peaceful political environment, reducing poverty and ensuring that basic human needs are met. Increasing globalization in the modern world is seen as an opportunity that helps to achieve these goals as bilateral aid becomes increasingly possible (Stockmann, 2013). Bilateral aid means that the recipient directly receives aid from the donor country, while multilateral aid channels its aid through multilateral development agencies such as the United Nations, the World Bank, or the European Bank (OECD library, n.d.). To successfully assist in developing countries, bilateral and multilateral organizations often take part in the implementation of development strategies that target specific areas to sustainably benefit the country in the

long run. Especially multilateral organizations have a more demand driven approach, where the goal is to advance a common global goal. This is where development strategies are highly fruitful due to the wider outlook and implementation of long-term objectives (Gulrajani, 2016).

## 2.6 Development strategies in Ethiopia

Ethiopia has established numerous development strategies over the years, reflecting the country's dynamic political and economic circumstances. The two main strategies that are being pursued are the 2019 Home Grown Economic Reform Agenda (HGER) and the 2020 10 Year Development Plan.

### 2.6.1 Home Grown Economic Reform

High public investment, through external aid as well as heavy debt accumulation, in large scale infrastructure developments, led Ethiopia to experience rapid economic growth. The way in which these public fundings were fulfilled combined with the rapid growth achieved over the years, has resulted in ongoing inflationary pressures. Additionally, regardless of the growth, the economy was unsuccessful in increasing productivity and creating new, sufficient employment opportunities. Because of the debt burden, Ethiopia struggles to sustain the economic growth, indicating that a new financing approach was necessary to detach from the dependency on public spending and debt financing (Planning and Development Commission, 2020).

The main objectives of the Home Grown Economic Reform are to sustain fast paced growth, building and maintaining a solid macroeconomic environment through the reduction of debt vulnerabilities and creating sustainable employment opportunities. The reforms are realized through policy to improve supply to the economy by enhancing productivity and competitiveness with a monitored transformation to private sector led growth. To reach the central aim, the HGER was divided into macroeconomic reforms, sectoral reforms and structural reforms.

Macroeconomic reforms focus on eliminating macroeconomic imbalances through strict monitoring of macroeconomic activities while focusing on key areas, with assistance from

multiple actors such as the private sector and development partners, that ensure a positive macroeconomy. These areas include extensively evaluating strengths and weaknesses of past development plans and learning from previous challenges. These evaluations in combination with assessments of economic growth performance in recent years have been utilized to design and implement inclusive development plans in the future. Furthermore, to ensure positive macroeconomic activity, new fiscal policy in terms of enhancement of tax collection and education on tax paying responsibilities are implemented. To address the structural financial challenges faced by the economy, the main goal of the financial sector is to achieve financial stability, inclusion and increase productivity and competitiveness of the private sector. Furthermore, measures have been initiated to increase the inflow of international currencies by incentivizing the diaspora to send foreign currencies through international banking systems as well as encouraging foreign direct investment. This will not only lead to an inflow of foreign currencies but also prompts the transfer of technology and knowledge, and creates job opportunities (Planning and Development Commission, 2020).

Sectoral reforms aim to create a multi sectoral growth approach by implementing policy reforms in different sectors across the country. This approach specifically focuses on the agricultural sector, mining sector and tourism sector. The agricultural sector's main objective is to enhance the engagement of the private sector, expansion of small- to large scale irrigation development, refining availability of inputs and funding, improving agricultural education, minimizing post-harvest loss and promoting the production of import substituting crops. The mining sector is currently in its early stages; therefore, the main aim of the reform is to promote private investment through public infrastructure development to increase the private sector's trust and confidence. The tourism sector reform has paid close attention to enhancing and expanding destinations, infrastructure and improving the participation of the private sector as this subsector is naturally identified to have high potential for national as well as foreign revenue generation and has high capacity for creating job opportunities (Planning and Development Commission, 2020).

The structural reform focuses on adapting the role of the government in the economy based on strategic policy performance and current conditions. The role of the government is vital, especially through public investments, to steer the economy in the desired direction. To ensure effective government intervention, thorough studies will be conducted to determine

any inadequacies calling for government intervention and to evaluate the feasibility of such interventions. It is important to note public development projects can be transferred to private investors in a fair and transparent transaction, provided that the investors possess the required resources and capacity to advance the projects. To ensure that public development projects are financed through domestic loans, domestic banks need to confirm their feasibility and validity before providing the loan. The allocation of domestic investment loans should follow market principles and not cause a crowding out of the private sector. Development forces as well as private investors should be supported by the government based on their merits and performance, rather than political power (Planning and Development Commission, 2020).

### 2.6.2 The 10 Year Development Plan

A long-term development plan serves as a strategic guide for sustainable development through the identification of objectives, goals and targets, to establish leadership and institutions for long-term management. Such plans provide direction and objectives that are not restricted by time, that facilitate sustainable growth, structural transformation and equitable distribution of wealth over the long term. An economy's transition from poverty to prosperity requires plans with different timely frameworks. Long-term plans may be divided into short-term and medium-term plans to reach set objectives, goals and targets. The process can be split into three stages: creating the capacity to create wealth, creating wealth and ensuring equitable distribution of wealth. These three stages require different timelines. With this perspective in mind, long-term plans that span a decade or more provide guidance on the direction of development in the future, while a medium-term spanning over five or three years, act as detailed tools to implement the major objectives that set out in the long-term development plans. According to the Planning and Development Commission (2020), the long-term development outcomes can be defined as follows:

Long Term Development Outcome 1	Enhancement in income levels and wealth accumulations to satisfy basic needs and aspirations.
Long Term Development Outcome 2	Basic economic and social services should be accessible to whole population regardless of their social status
Long Term Development Outcome 3	Creating an environment where all individuals have the same opportunities.
Long Term Development Outcome 4	Improvement in social dignity, equality, and freedom where everyone can participate in social, economic, and political affairs.

*Table 2 Development Outcome*

*Created by the author*

The preparation of the 10 Year Plan has placed a significant emphasis on identifying the connections between different sectors of the economy. The plan acknowledges the strong interdependence and interconnectedness of the different productive sectors, especially in relation to modern agriculture, manufacturing and mining which are linked through input-output connections. During the planning process, trade and logistics, as well as services, were also closely coordinated with the productive sector of the economy to enhance their efficiency by linking the sectoral products with the markets. Additionally, the development of infrastructure, transportation, energy, irrigation, and communication was planned in a way that the development of one sector would serve as a foundation for the development of others. Similarly, human resources and technology, which are crucial factors in ensuring productivity, were planned in a way that coordination would improve the development of all other sectors (Planning and Development Commission, 2020).

During the short- and medium- term, a strong focus will be placed on sectors that have high productivity, the potential to create significant employment opportunities and stimulate growth in other sectors. Furthermore, priority will be given to sectors that could enhance the living standards of many citizens. Although modern agriculture, manufacturing, and mining are productive sectors, the development of these will be independent, with each sector providing inputs and market outlets for one another. The plan also recognizes the importance of Ethiopia's cultural heritage and aims to strengthen the tourism to increase the inflow of foreign currency, as previously stated. As infrastructure is critical for sectoral development,

the plan has linked the development of infrastructure to sectoral development in most instances (Planning and Development Commission, 2020).

Additionally, sectoral institutions are key agents in implementing development plans, as they have an in-depth comprehension of each sector's potential, underlying weaknesses and future development direction. Being aware of this, the 10 Year Development Plan has, in regard to that, been equipped with strong sectoral participation by implementing bottom-up planning opposed to a top-down approach (Planning and Development Commission, 2020).

The preparatory process of the 10 Year Development Plan was inclusive and involved participation from various stakeholders. To ensure a successful outcome, it is crucial to have strong institutions that link the execution of development plan at different administrative levels. Providing adequate resources and creating necessary capacities for government bodies responsible for leading development planning will positively impact the success of the planning effort. The plan also identifies the potential of different regions and aims to attract investment flows to make effective use of their natural and human resources, therefore contributing to the success of the plans (Planning and Development Commission, 2020).

The plan recognizes institutional weakness as the major challenge facing the country and identifies long-term development goals and targets based on the premise of a comprehensive institutional transformation in the coming years. During the growth and transformation plan periods, the economy's low performance in achieving structural transformation was attributed to institutional weakness. Major indicators of this weakness included low implementation capacity of institutions, lax system of project administration inadequate monitoring and evaluation, lack of accountability, private sector behaviors promoting self and group interest rather than national consensus as well as corrupt practices by government institutions. Furthermore, the severe disruption of peace and stability was also a significant factor. Considering these gaps, the 10 Year Development Plan prioritizes institutional reform change, and incorporates new policies, strategies, and legal frameworks to be implemented during the plan period (Planning and Development Commission, 2020).

The private sector is identified as the main driver of productivity and economic growth in the 10 Year Plan and is expected to reinforce the relationship between the private and public sector. To sustain the economic growth Ethiopia has experienced, the participation of the

private sector is vital. There is a strong desire that domestic investors to participate in the execution of the 10 Year Plan which emphasizes the importance of a strong partnership to achieve the national prosperity agenda.

## 3 Methodology

### 3.1 Research design

The collection of primary data can be done using three different research designs: qualitative, quantitative and mixed methods (Creswell, 2014). A quantitative approach is the process of collecting and interpreting data in numeric formats, while the qualitative research is a holistic approach, where the focus is on individual experiences, intuition, observation, and theoretical resources of sociology. The mixed method approach combines the quantitative and qualitative research designs and is considered to present a higher level of in-depth analysis of data compared to the two approaches alone (Creswell, 2014; Matthiew & Ross, 2010).

This research was conducted using a qualitative research design as it allows a deeper understanding of the topic from the perspective of chosen agents. Additionally, a qualitative research approach gives a greater scope of flexibility in how different statistical factors are viewed by the population. This is essential in research as it provides the researcher with the ability to answer the research question from a comprehensive standpoint.

### 3.2 Data collection

For the purpose of this research, primary data was collected through conducting asynchronous expert interviews with four agents representing different stakeholder groups: the government, the private sector, NGO and consumers. The agents were selected based on their expertise in socioeconomic development in Ethiopia and their experience with the implementation of development strategies. The interviewees were sent an introduction to the topic and the questions via email as a Word document, which they then answered in a written format. The questions asked did not require a specific order of answering. The aim of the asynchronous interviews was therefore for the interviewees to expand on their experience guided by the questions. This entails the data collected, being from the



perspectives of different agents of society and therefore presented different experiences even though all interviewees received the same questions.

The secondary data was gathered from online databases such as EBSCO Host, Science Direct, World Bank and Statista. Additionally, governmental reports were used to strengthen the secondary data, used to statistically analyze the results from the qualitative research.

### 3.3 Interview development

The chosen interview approach allowed the researcher to gather detailed information from individuals who have experience in the topic of interest. This was vital in understanding the impact of socioeconomic development in Ethiopia and the strategies put into place, as it provided data on real time experiences from the four different stakeholder groups. The agent representing the government had a political understanding of the process of development and strategies that were being implemented with firsthand experiences of potential limitations that Ethiopia is experiencing. The agent representing the private sector gave insight into the effects development policies have on the private economy including opportunities and drawbacks as well as potential improvement directly linked to strategies in place. The agent representing NGOs gave firsthand experiences on the role development aid plays in the development process in Ethiopia and the impact it has on implementing strategies. The agent representing the consumer group was able to provide firsthand experiences of the overall public and how the wellbeing, standard of living and other factors has been influenced by development and development strategies.

Conducting asynchronous expert interviews provided a real-life perception of the performance measurements that are used to measure socioeconomic development. The sampling method was non probable as the experts were chosen based on their relevance to their stakeholder group in order to give the most insightful information and be representative of the stakeholder group while also providing personal experiences that supported the interviewer to form conclusions and build recommendations. Therefore, the information gathered during the interviews, were a key factor in developing and providing comprehensive results and formulating a discussion.

Firstly, the researcher developed open-ended interview questions that focused on the topic of the research and that allowed detailed and meaningful responses. The questions were clearly formulated so they are comprehensible and relevant to the interviewees. The participants were then contacted and asked if they will take part in the interview process and were made aware of the research design. After approval, the interviewees received the interview questions in a word document via email, including a summary and purpose of the research and a consent form. Additionally, they received overall information about the topic of interest. They were asked to answer the questions on the document within the time period of one week and then share their responses with the researcher. If necessary, the researcher would follow up with the interviewees for clarification based on their responses. After receiving all responses, the researcher analyzed the data collected.

### 3.4 Interview questions

The asynchronous interview included 10 questions. The questions were divided into three main categories, each containing a minimum of three questions, that summarized the research topic and literature review. This category focused on the development experienced by the interviewees, positive or negative. The interviewees had the opportunity to give their real-life experience of how their lives were impacted since 2010. The second category was directed toward the development strategies implemented since 2010. Interviewees were able to share their understanding of these strategies and to what extent they were aware of them. Additionally, interviewees were asked to reflect on the effectiveness of strategies implemented and had the opportunity to share their personal experiences. In the final category, the interviewees were asked to elaborate on the contribution of development aid present in Ethiopia. Further they had the opportunity to give their thoughts on the challenges development organizations face and how they can implement their projects with close cooperation with the government. For the Interview questions please refer to appendix C.

### 3.5 Analyzing the results

After the data was collected, the results were analyzed by firstly summarizing the responses from all four participant for each question. After a thorough synopsis, a SWOT analysis will break down development strategies and development into its strengths, weaknesses, opportunities and threats to conclude potential challenges and recommendations. Finally, qualitative data will be compared to statistical data from sources such as the world bank to draw further conclusions regarding the relationship between different performance measurements.

### 3.6 Limitations of methodology

The data was collected through asynchronous interviews, which entailed the interviewee to receive open ended written questions for them to answer in their own time and then share with the researcher electronically. Limitations of this methodology included a lack of interaction with the interviewee. This resulted in not being able to ask follow-up questions in real time. Therefore, the responses may lack depth and require further explanation. Additionally, there was no spontaneity in the responses. Interviewees had more time to develop their answers, leading to more polished responses. Asynchronous interviews also give the respondents the ability to have assistance from others when answering the questions. This can lead to biases or inaccuracies in their responses, making it challenging for the researcher to eliminate prejudice. Additionally, nonverbal cues were not present in this form of methodology. Body language, facial expressions, tone of voice or pauses are an important factor when interpreting responses from interviewees. These nonverbal cues however are missing in written responses therefore may leave more room for biases from the researcher.

## 4 Results

### 4.1 Question 1: To what extent have you experienced development in Ethiopia?

The following chapter summarizes the findings of the four interviews held with the representatives of each stakeholder group. It will focus on similarities and differences to the research presented in the literature review in a comprehensive manner and introduce any patterns discovered in the findings.

The first category of interview questions focuses on the general development in Ethiopia and what challenges the country is facing that limits this. When summarizing the responses from all participants, it becomes clear that there has been significant development within the country. The responses show that there has been a strong emphasis on the private sector development. The government's shift towards a private sector led approach, with the combination of increased investment in infrastructure and agriculture has placed a crucial role in reaching a growing economy. The combination of these factors, along with substantial investments in construction projects, has led to visible changes in both rural and urban areas. According to interviewee two, rural regions have especially been positively affected by development as the implication was a significant reduction in poverty levels.

In the capital, Addis Ababa, there was a visible change in terms of construction. The urban landscape has shift from small stores and houses to tall buildings and continuous construction projects. Interviewee two has stated that the Ethiopian government aims to provide affordable housing and therefore addressed the housing challenge by developing the Condominium Project, which provides accessible accommodation to the Ethiopian population. Even though there are many construction projects in place and the landscape of the city has changed, interviewee 4 states that it is important to recognize that there are still limiting factors such as cash availability that may slow the process of construction which leaves many sites on hold.

Other development has been seen in the agricultural sector, which has been a crucial for the economic growth in Ethiopia. According to Interviewee three, approximately 80% of the population is engaged in agricultural activities, which resulted in investment from the government to improve transportation networks and connectivity within the country. For example, farmers now have to ability to reach markets in order to sell their produce and earn an income.

## 4.2 Question 2: What are key drivers of development in Ethiopia?

From the interviewees, one can summarize that the main drivers for development are the involvement of Asia, in particular China. There were large investments made in infrastructure development and the transformation of rural areas. The focus on poverty reduction has led to improved healthcare accessibility and education facilities. According to Interviewee one, there was an increase in school enrolment which is a reflection of successfully decreasing the poverty rate as seen in Figure 5 (The World Bank, 2022).

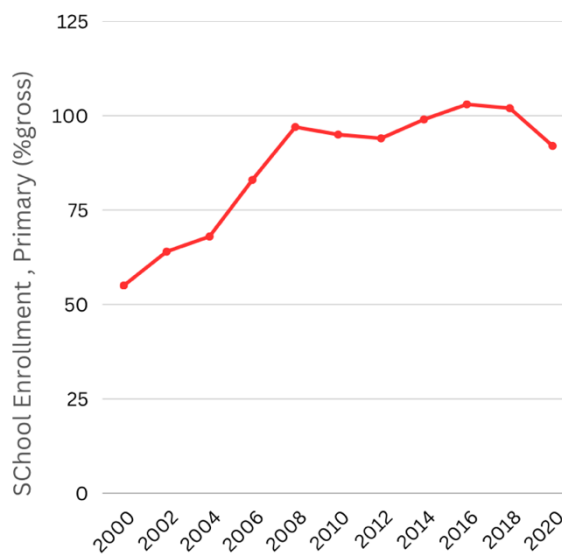


Figure 5 School Enrollment, Primary (%gross)

*Created by the author*

Additionally, the return of the diaspora, including skilled workers and financial resources, were also a key driver in development. Interviewee one states that Ethiopia is one of the largest recipients of financial aid worldwide, which played an important role in the development of the country. Additionally, there has been investment in industrial parks which provide manufacturing opportunities and create jobs. According to Interviewee four, one of the driving factors is the private sector as they often have access to foreign currency, allowing them to import material and resources more efficiently. Interviewee four also states that there is an imbalance, and it needs to be addressed to ensure such privileges across the nation and promoting inclusive growth. A final key driver was the export of goods. Interviewee four addressed the country not primarily known as a major exporter; however, Ethiopia is a major

exporter of coffee and roses which plays an important role in development as it opens international markets to Ethiopia's products.

#### **4.3 Question 3: What are key development challenges in Ethiopia?**

While the overall development has brought various positive aspects, the interviewees state important challenges that need to be acknowledged. A major drawback is the issue of currency and foreign direct investment (FDI). Forex is one of the main challenges as you cannot purchase hard currency with the local currency called Birr. This makes foreign investors less likely to invest. Interviewee one mentioned due to the growing population, there is a higher demand for employment than there is creation of opportunity, preventing people from escaping poverty. Another challenge is that even though there is an increase in school enrollment, the education system suffers from low quality education and a lack of skilled teachers, resulting in lack of skills for the job market. Interviewee four states that the relocation of individuals and businesses due to construction projects resulted in the relocation of many individuals who now lost their source of income and home. Lastly, a challenge mentioned by Interview one, are cultural, linguistic and managerial differences across the nation, making it difficult to accommodate political interests of the population. To eliminate these challenges and foster development, Ethiopia needs strong reforms.

#### **4.4 Question 4: Are you familiar with HGER and the 10 Year Development Plan?**

Three of the four interviewees were aware of the development strategies mentioned and answered the questions with yes. Therefore, they were able to give their personal responses for the following three questions.

#### **4.5 Question 5: What kind of development progress have you experienced linked to development strategies implemented in Ethiopia?**

These reforms are addressed in the development strategies such as HGERA or the 10 Year Development Plan. The interviews concluded that these strategies heavily prioritize growth of the private sector, as it is the cornerstone of progress. Additionally, the strategies created benefits for the agricultural sector by providing farmers with necessary resources such as

fertilizers and other inputs leading to an increased yield. According to interviewee one and two the development of infrastructure reflects the government's commitment to raising overall living standards and escaping poverty as farmers have gained access to markets making them more profitable. The government also invested in the industrial sector by providing water and energy to individuals requiring access. While Ethiopia aspires to attain middle income country status by 2025, there still is a considerable distance to go as Interviewee one stated. However, there is overall progress to raise standard of living and ensuring economic as well as social development progress.

The strategies implemented serve as a mean of holding the government accountable for its goals and offer a reliable measure of progress and governmental performance. All four interviewees stated that the priority is on developing the private sector, benefitting not only agriculture but also industrial development, education and healthcare. Therefore, one can conclude that the strategies have had direct impacts on the development progress in Ethiopia.

#### **4.6 Question 6: How have development strategies in Ethiopia evolved since 2010?**

Based on the interviews, there does not appear a significant strategic shift between the development strategies in Ethiopia. The government consistently aims to follow up on unachieved goals from past strategies, however the overall approach remains relatively consistent. There may have been small adjustments and variations in the actions taken especially in terms of the pace of projects, yet the ultimate goal of attaining middle income status remains the same.

#### **4.7 Question 7: To what extent are the three pillars of development the foundation of development strategies?**

The interviews revealed that the strategies have a clear focus on economic growth yet acknowledge the interlinkage between all three pillars of the economy, society and the environment. Interviewee three has given the statement that the environment is the foundation of the economic and therefore social development. According to their statement "a good and healthy environment leads to a perfect foundation for a thriving economy as it relies on it, this will then have a positive effect on the social development". Acknowledging

the importance of the agricultural sector in the Ethiopian economy. They state that there are training programs in place for skill development in this sector as well as newly established land user rights. These enable farmers to use agricultural land without needing to purchase it. These rights can be inherited and are combined with continuous training. This approach empowers individuals to provide for themselves, cultivate their own food, having a positive effect on the economy. The other interviewees state that the environment is not a priority in the strategies. The government has initiated the “Green Legacy” program, which involves extensive greening country wide. The program demonstrates commitment greening urban areas and can visibly be witnessed in Addis. However, energy sufficiency remains a concern, particularly in the industrial sector. Additionally, the use of old cars poses an environmental challenge. Even though a policy eliminated the import of cars older than seven years, the country already struggles with a surplus of old cars.

Overall, the strategies do address all three pillars of sustainable development, but it is apparent that the environment is not emphasized on the same level as the economy and society. This primarily is due to the pressing concern of social issues, by ensuring the wellbeing of the population, creating employment opportunities and improving living standards before addressing environmental issues.

The interviews conclude that development strategies in Ethiopia are formulated by the government considering various aspects. While economic growth remains the primary focus, it is essential to address the economic dependence on the environment which the government is fully aware of. Recognizing the interdependence of all pillars, Ethiopia aims to achieve comprehensive and inclusive development for its society and environment, which may be realized differently across the population.

#### **4.8 Question 8: How has development aid contributed to the rapid economic growth?**

From the interviews it becomes clear that development aid also referred to as development partners have made significant contributions to Ethiopia’s economic growth. While government investment also played a role, aid programs have introduced valuable projects that enhance skill development making the Ethiopian workforce more attractive to foreign



investors. According to Interviewee two, international companies often hesitate to invest in Ethiopia due to a lack of skilled workforce, leading development partners improving this aspect. Job creation is an additional important factor in the development process. Interviewee four provided the information that GIZ employees approximately 700 nationals in their offices in Ethiopia. Furthermore, partners have provided advisory services at the policy level to foster a mindset change among the government and the population, promoting openness to change.

Given Ethiopia’s heavy reliance on agriculture, partners have implemented multiple programs in this sector as well. These initiatives include farming education, water supply infrastructure and risk management with a focus on mitigating droughts. Figure 6 shows the productivity of the agricultural sector in terms of wheat production and the continuous growth (UNDP, 2022).

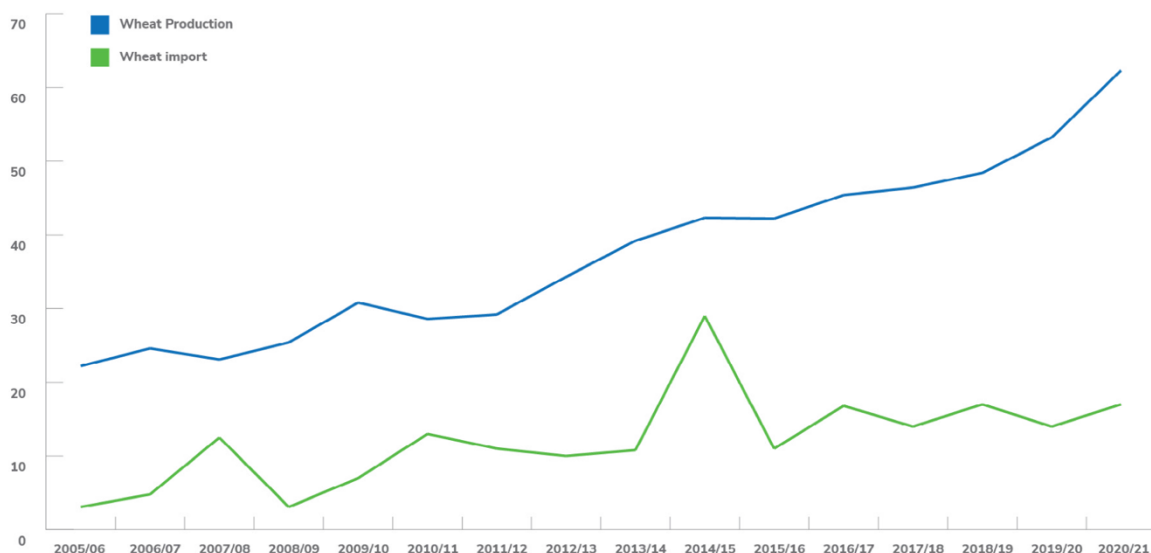


Figure 6 Wheat Production and Imports in Ethiopia (2005-2021)

Retrieved from: Ethiopia 2030: A Country Transformed? Options For A Next Generation Of Reforms

Large organizations like the United Nations (UN) and the German Development Cooperation (GIZ) have established significant presence and numerous projects in Ethiopia, all contributing to development. Interviewee three gave insight into the financial aspect of working with partners. Ethiopia relies on loans and grants, directly financing government projects or projects, monitored by partners, agreed upon with the government. There is a clear emphasis on skill development which contributed to the economic growth. Regardless of the economic growth, the impacts of development partners may be more visible at a micro level.

Interviewee four responded that it is crucial to consider how the development process would progress without their presence. Partners bring essential expertise and knowledge into the country, aiming to ultimately render themselves unneeded by transferring their skills to Ethiopians. Interviewee four made it clear that the cooperation between partner and government is imperative for this transfer to occur.

The interviews conclude that development partners have played an important role in Ethiopia's development. While their contributions to economic growth may be more comprehensible from a smaller perspective, their expertise, financial support and job creation have made a significant contribution. Collaboration between development partners and the Ethiopian government remains vital to continuously transfer skills and reaching the ultimate goal of self-reliance.

#### **4.9 Question 9: What are key successes and challenges associated with aid programs and initiatives?**

Regardless of the successes that have contributed to the economic growth and social development in Ethiopia due to the presence of development partners, there are numerous challenges that limit the progress. These include a fragile political landscape leading to rapid changes occurring resulting in project restarts or prolonged periods of stagnation. Additionally, the government's mindset and bureaucracy often impede to work with organization, requiring extensive time for approvals as interviewee four stated. Additionally, the security situation, particularly with the ongoing Tigray war, restricts access to specific regions, limiting the efficiency of program implementation. Additionally, the diverse nature of Ethiopia poses difficulties in catering to the varied interests and needs of different regions, presenting challenges for partners implementing development efforts.

All interviewees have stated that a prime challenge for development partners to operate is restricted foreign exchange. Limited availability of hard currency constrains the implementation of projects, as partners often struggle to receive payments. This is closely linked to the challenge of negotiating terms with the government. These negotiations include human rights, legal security and work permits for international employees. According to interviewee four, the instability of the health system also presents a challenge for international employees making them hesitant to work in Ethiopia.

The responses for question nine conclude that fragile political environment, security issues and bureaucracy hinder efficient program implementation. Cultural differences and conflicts add further complexity, while the lack of foreign exchange access limits financial transactions. Overcoming these challenges requires collaboration between government and development partners to ensure effective implementation of development initiatives.

#### **4.10 Question 10: How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?**

For development partners to successfully align with the strategies put in place by the government, requires flexibility and adaptability from the organizations. Fortunately, according to interviewee one and three the goals of Ethiopia and partners often align, minimizing conflicts in terms of mid- to long-term goals. Collaboration with the government is crucial, ensuring that strategies and projects are developed together and implemented with their involvement. According to Interviewee three, there is a close partnership between GIZ and the Ethiopian government, as GIZ operates with close partnership with the government. Their partner supports the governments goals and assists in their execution. Interviewee two gave the example of a project that focuses on implementing a dual education project, which align with Ethiopia's bottom-up approach.

It is important to mention that understanding cultural differences and the history of Ethiopia is essential for effective collaboration. Recognizing the complex history, pride and unique cultural aspects, such as its own calendar, time system and alphabet, fosters a fruitful partnership that has longevity.

From the interviews, it has become clear that the term "aid" may be rejected by both the public and the government in Ethiopia. Therefore, it suggests viewing the development partners as support rather than traditional aid.

## **5 Discussions and analysis**

The discussion and findings section will consider all components of the research in order to give an answer to the research questions that are guiding this thesis. This section will give an

in-depth analysis of the findings in order to strengthen the arguments made to answer the following research questions:

1. How has development aid in Ethiopia evolved since 2010?
2. What development strategies have been integrated in Ethiopia since 2010?
3. How have these strategies impacted socioeconomic development in Ethiopia?

The results will be analyzed to give an overview of the strengths, weaknesses, opportunities and threats of the development strategies that are being implemented. The objective of this analysis is to give an overview of strategies and their effectiveness for development progress in Ethiopia. Various factors like drawback of development, the contribution of development partners and statistics will be considered in the SWOT analysis.

## 5.1 SWOT analysis

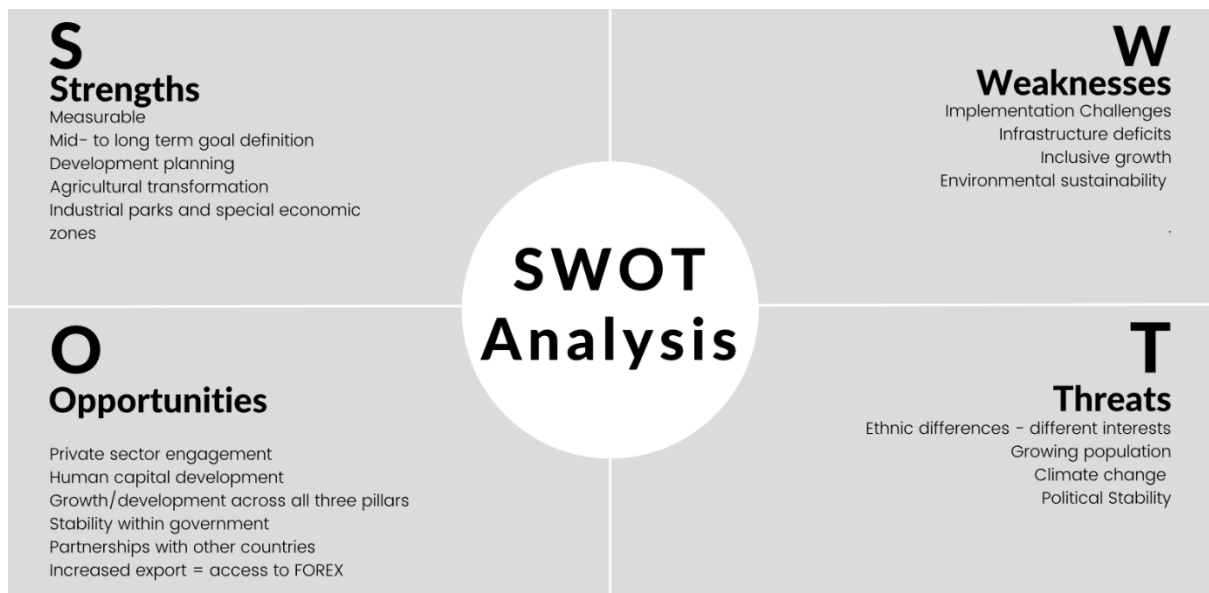


Figure 7 SWOT Analysis

Created by the author

In Figure 7, the researcher created a SWOT analysis to examine development strategies as a whole. By conducting this analysis, the researcher can draw conclusions between the research questions, the literature review as well as the responses from the asynchronous interview questions.

### 5.1.1 Strengths

Development strategies present various strengths associated with development. First, development strategies focus on establishing goals and create actionable plans in order to achieve them in the mid- to long term. Additionally, once a strategy has been implemented, there are tools to measure the progress as well as standards that serve as the foundation. The supporting literature used for this research has revealed that there is a strong focus on improving quality of life and promote engagement of the private sector through heavy investment. This has been confirmed by the interviews as one key change witnessed in the development of Ethiopia is the increase of private sector activity as well an overall improvement of standard of living, especially in rural regions by an increase of solid houses and access to medical services. Another strength is that development planning as the Ethiopian government introduces projects that are implemented to reach a goal defined in the strategy, while providing a roadmap and guiding policy decisions. Furthermore, the development strategies create an agricultural transformation. This is confirmed by the literature as well as the qualitative data collection. There has been an immense change in the agricultural landscape in Ethiopia, that are reflected in the 10 Year Development Plan. Training as well as investment have been evident, witnessed by multiple respondents from the data collection. Furthermore, the focus on increasing economic activity has been achieved through the development of industrial parks, which has been confirmed by the interviewees. By giving access to manufacturing sites, energy and water, opportunities increased as business owners are now able to produce, leading to a boost of economic activity and potential export opportunities. It becomes evident that the development progress in Ethiopia is heavily reliant on the implementation of strategies, due to the overall strengths presented above. The strategies allow specific focus areas without reducing priority within other sectors.

### 5.1.2 Weaknesses

While development strategies implemented in Ethiopia show strong effectiveness, there are weaknesses that have to be considered. First, there are implementation challenges that Ethiopia is facing due to bureaucratic deficiencies, governance issues and lack of hard currency. This has been mentioned in the responses from the qualitative data collection which also requires reiteration of the lack of skill, which may have a causal relationship with the implementation challenge. Additionally, infrastructure deficits are a weakness. Even though

there has been evidential infrastructure development, which has been confirmed by the interviewees, there are still inadequate transportation networks, especially in the rural areas of Ethiopia. Additionally, the access to clean water and electricity is not made available to a large part of the population, which effectively limits the development of economic and social aspects. Another weakness that has to be considered is inclusive growth. In the qualitative data collection, awareness was given to the cultural complexity of the country including ethnic and lingual differences. It is important that development strategies focus on projects that promote inclusivity and reduce regional disparities. According to literature used these are goals within the strategies being implemented, yet discovered through the interviews, there is a lack of development in that area. Lastly, environmental sustainability in terms of conservation and efficiency need to be included. There is a strong focus on developing the agricultural sector, yet sustainable development practices, including environmental conservation and climate change adaptation measures, need to be integrated into development strategies.

### 5.1.3 Opportunities

As weaknesses present themselves, there is automatic creation of opportunities. Development strategies create potential increased activity within the private sector. Encouraging private sector participation in terms of investment or entrepreneurship can lead to economic growth, innovation and employment opportunities. According to the qualitative data collected, there has been an immense increase in private sector engagement, especially investment in the construction sector. Creating an enabling business environment, which includes improving access to finance and improve the bureaucracy can unlock the potential of the private sector, having direct impact on economic activity. This can be linked to another opportunity which is developing human capital. Investing in education, skills training and healthcare can enhance human capital and increase productivity of the workforce. From literature and the interviews conducted there is a clear development of human capital with an increase of school enrolments and easier access to medical centers. However, the skills developed are often of low quality. Therefore, a stronger emphasis through strategies on quality education, vocational training and healthcare can improve standard of living and gives the opportunity to reach the goal of becoming a middle-income country. Another opportunity

is the development of renewable energy. Ethiopia has notable renewable energy potential, particularly in hydropower. The literature revealed that Ethiopia already has a high usage of renewable energy, yet the distribution is limited. Development strategies provide the opportunity to expand the renewable energy infrastructure to reduce dependence on fossil fuels and therefore contribute to climate change mitigation. Development strategies also give the potential of stabilizing the government. From the interviews, it has become clear that there is a frequent change and instability that effects the implementation of different project. Through development strategies, and a clear roadmap could lead to a reduction of change in the government leading to more efficiency in the implementation. Lastly the opportunity of partnerships with other countries presents itself though the implementation of development strategies. Specifically trade partnerships can promote access to foreign exchange for a larger portion of the population. The interviews concluded that the lack of hard currency in Ethiopia is a major challenge in the implementation of strategies. The qualitative results also gave insight into the export potential. Therefore, development strategies have the potential to encourage an increase of export and create trade alliances with other countries.

#### 5.1.4 Threats

Development strategies face multiple external factors that influence the effectiveness of their implantation. Firstly, climate change and natural disaster poses as one of the main challenges. According to the literature Ethiopia is highly susceptible to climate change in the terms of droughts, floods and desertification. These have a direct effect on agricultural productivity, which, as mentioned in the interviews as well as literature, is heavily relied on by the economy. Therefore, it poses a significant threat to development efforts and strategies. Additionally, brain drain is a threat to development strategies. According to the interviews there is an increase of diaspora, however as there are many skill development projects in place, educated and professional individuals may migrate for better opportunities. This can slow the development of critical sectors and the transfer of knowledge and expertise within the country. Lastly, Ethiopia has been experiencing ongoing political instability and ethnic tensions, which can hinder development strategies from being effective. Maintaining peace, fostering social cohesion and addressing political challenges are crucial for sustaining development progress and successfully implementing development strategies.

## 5.2 Further discussion

This thesis has used the development theory as a theoretical framework as guidance and foundation for the research. The first sub theory introduced in the beginning of the literature links closely to the first research question: How has development aid in Ethiopia evolved since 2010. From the qualitative research, it has become clear that development contributes highly to the development of Ethiopia and has been for many years. There has been a significant in priorities and approaches of the implementation of projects and a closer collaboration with the government. There has been a growing emphasis on results-based approaches, especially through the implementation of development strategies. This shift created greater accountability and a stronger focus on evidence-based decision made. Due to the closer collaboration with the government, there also seems to be a more complex monitoring progress for both, donor and recipient. This results in tangible deliverables and addressing socioeconomic challenges in Ethiopia. Additionally, there has been a stronger emphasis on inclusive growth and poverty reduction. Efforts have been made to target marginalized populations, while programs have been structured to address inequalities and increase access to education and health facilities. This however has been jeopardized due to the ongoing war in the Tigray region. Furthermore, development aid recognized the need to prioritize climate change and environmental sustainability. It has become clear that Ethiopia is especially vulnerable to the impacts of climate change due to their reliance on agriculture. As mentioned in the interviews, there has been an initiative in collaboration with the government where extensive greening of the country is of high priority. It is important to note however, that even though there has been positive and beneficial change, challenges rise in terms of bureaucracy and complex financial systems such as hard currency. Linking this to the modernization theory, which was introduced on the basis that economic activity and positive development is dependent on the implementation of western ideologies. the qualitative data collected, suggests that the majority of initiatives taking place in Ethiopia are closely linked to the government's agenda and therefore do not align with this theory. The cultural complexity plays an important role and is taken into consideration when development partners execute projects. This discussion also aims to emphasize the disadvantage of development aid. Even though development aid has been fruitful in Ethiopia, it is important to recognize that there is a strong dependency on external assistance. This reliance on support has created a cycle of



dependence, reducing self-sufficiency and national ownership of development projects, which highlights the dependency theory. Regardless of the efforts made to reduce dependency and build self-reliance in Ethiopia, this poses as an important disadvantage that needs to be considered when analyzing the changes within development aid.

External agents have been important in the development progress in Ethiopia. Yet, development strategies developed by the government have built a clear framework and roadmap in order to achieve measurable objectives. This links to the second research question: What development strategies have been integrated in Ethiopia since 2010? From the qualitative research, it has become clear that the trajectory of development is reflected in the strategies being implemented. As introduced in the literature, there are two main development strategies, Home Grown Economic Reform Agenda and the 10 Year Development Plan. Both of these strategies have clear objectives that are worked towards. The Home Grown Economic Reform Agenda, which was introduced in 2019, aims to address economic challenges and promote sustainable growth. It emphasizes macroeconomic stability, private sector development, creation of job opportunities and improving governance (Planning and Development Commission, 2020). The research has confirmed that there are many developmental successes as there is powerful activity within the private sector and therefore job opportunities.

Nevertheless, there has been criticisms. One of the prime concerns that was mentioned in the interviews is the lack of inclusivity. The implementation process lacks stakeholder engagement from all groups, leading to the question of inclusiveness and the potential of neglecting marginalized groups and ethnicities, within the cultural complexity of Ethiopia. Another reason for criticism is the exacerbating inequality of small-scale business and homeowners. Due to the fast growth of the private sector and construction industry, urban land has decreased in availability if not for economy boosting activities or large sums of money. Therefore, despite the successful implementation of areas that are in focus of the HGER, there are numerous factors that still need consultation and participatory approaches to address the condemnation.

The 10 Year Development Plan is the second development strategy that has shown to be an advantageous in the development progress in Ethiopia. This Plan specifically focuses on the

United Nations' Sustainable Development Goals (SDGs) (Planning and Development Commission, 2020). Its approach is to translate the SDGs into tangible outcomes, which has been proven to be a complex and challenging task. Financial resources have been inadequate, while efficient coordination and institutional capacity are lacking. There is a firm need for solid monitoring and evaluation mechanisms to ensure accountability and track progress towards desired targets (UNDP, 2022). Additionally, while the 10 Year Development Plan recognizes the importance of sustainable actions in society and the environment, its practical implementation into policies and other initiatives is lacking. Finding a balance between policies and growth with environmental conservation, social inclusion and poverty reduction remains a challenge. The interviews gave insight into the lack of sustainable activity in the industrial sector, additionally, while the responses did mention a reduction in poverty, the overall goal of reaching a middle-income status is unattainable until 2025. Additionally, when looking at the SDGs that the plan is based on, it may suggest that the alignment with local realities is limited. Specifically, there is a lack of alignment with specific needs of Ethiopia's diverse culture and regions. The plan focuses on a top-down approach, which may miss to notice the unique challenges as well as opportunities that present themselves on a regional level. The 10 Year Plan was introduced as a complementary guideline to the Home Grown Economic Reform Agenda; therefore, the social and environmental aspects are considered within the plan, yet there are no specific, actionable plans that ensure development in these areas. Furthermore, there are inadequate financial resources to implement the development plan successfully. It can be argued that development partners assist especially in the financial requirements, yet drawn from the interviews, one of the main challenges for development partners is access to finances in Ethiopia. While international partners may overcome these challenges, it creates a codependency on external agents which can lead to fragility within the plan.

Overall, these challenges and criticism of the 10 Year Development Plan do not outweigh the benefits and advantages the plan offers. Nevertheless, they are important to recognize to highlight areas that need attention and improvement to maximize the effectiveness in achieving sustainable and inclusive development.

The Home Grown Economic Reform Agenda and the 10 Year Development Plan aim to drive socioeconomic development in Ethiopia by implementing various programs and initiatives.

This links to the third and final research question: How have these strategies impacted socioeconomic development in Ethiopia? To lead the discussion, the researcher will use the three pillars of development as a framework to assess the effectiveness of the strategies while using the key performance measurements introduced in secondary literature.

The effectiveness of these development strategies varies across different sectors and regions. First, the interviews as well as research from secondary literature have revealed that there is substantial economic growth. The implementation of economic reform measures and development projects have effectively contributed to the growth. It led to an increase of investment, promoting the private sector and fostering entrepreneurship. Figure 9 shows the immense growth in productivity (The World Bank, 2022). Comparing this to Figure 8 however shows the lack of relationship between economic growth and simultaneous social development (The World Bank 2022). After the year 2012, there was an increase in unemployment, regardless of the increase in GDP (The World Bank, 2022). Therefore, while

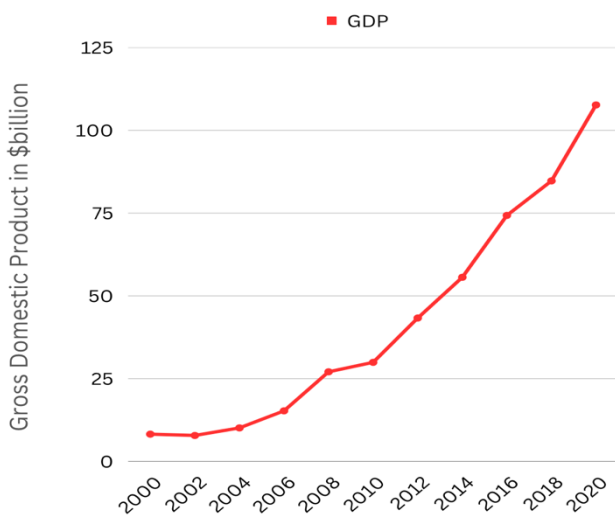


Figure 8 Gross Domestic Product in \$billion

Created by the author

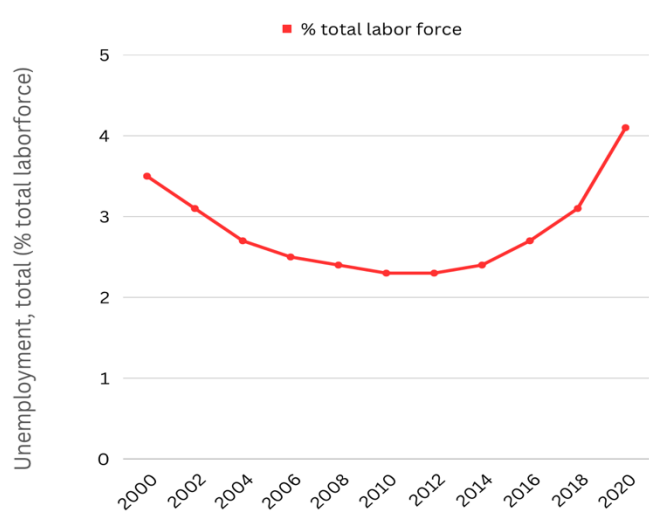


Figure 9 Unemployment, total (% total labor force)

Created by the author

the development strategies may have been effective in developing the economy, there was a lack of effectiveness in creating job opportunities. Additionally, once can look at the reduction of poverty witnessed in Ethiopia. From the year 2011 to 2016 there has been a decrease in poverty in both urban and rural areas of the country as seen in Figure 10 (World Bank Group, 2020). Due to the implementation of development strategies, this reduction may have been realized. Social development can also be measured in terms of poverty reduction. According to Figure 10 there is a decrease in poverty in both rural and urban regions which increased

overall consumption behavior especially in urban areas as there was percent decrease of 26%. The negative relationship between an increasing unemployment rate and the reduction of

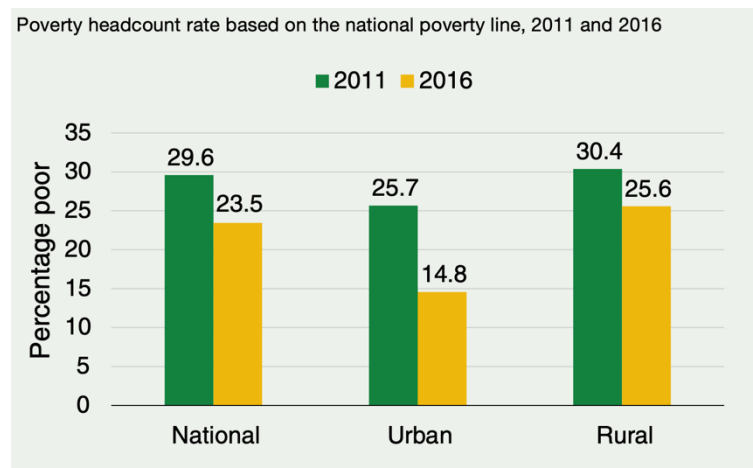


Figure 8 Poverty Reduction Headcount

Retrieved from: *Harnessing Continued Growth For Accelerated Poverty Reduction, 2020*

poverty can be explained by the increase of 13% in self-employment according to the World Bank Group report *Harnessing Continued Growth for Accelerated Poverty Reduction* (2022).

Linking this to the qualitative research conducted, one can conclude that the strong focus on skill development implemented by the strategies has assisted the Ethiopian population in starting their own business, increasing their standard of living, while benefitting the economic growth. The Human Development Index has also shown growth since 2000 as seen in Figure 3 indicating that Ethiopia is progressing in social development.

Furthermore, the performance measurements looking at environmental development is the environmental performance index (EPI). According to the literature, Ethiopia ranks 143 out of 180 countries with an EPI score of 31.80. Since 2010, the score has changed by 4.40 and therefore reflects a positive change (Yale Center for Environmental Law & Policy, 2022). While there is an improvement of the score, the 10-year change is relatively minor compared to the growth of the economy and even social development. Therefore, one can conclude that the focus within development strategies does not lay in conservation of the environment but rather other areas. This has also become evident in the interviews conducted. Despite of the reliance on a functioning environment due to a strong agricultural sector, there is limited effort in increasing environmental performance in Ethiopia and therefore development strategies lack effectiveness in this area.

Overall, one can conclude that development strategies that are being implemented in Ethiopia show effectiveness from a macro perspective. There is an increase in economic measurements such as GDP and GNI, while social development also increases in terms of HDI and poverty reduction. Regardless of the potential lacking focus on environmental conservation, the EPI shows a small improvement over the past 10 years.

## 6 Conclusion

### 6.1 Recommendations

This section will introduce recommendations to increase effectiveness of development aid and strategies in Ethiopia, using a multi stakeholder approach. Advice will be given to the government level, to the private sector level, to the NGO level as well as the consumer/citizen level. To achieve long term, sustainable success in development, steps need to be taken on all levels of society. The qualitative research has provided challenges that limit the development, while the literature supported these drawbacks. These recommendations aim to reduce the limitation making further development the main objective through the implementation of strategies as well as partnership with external agents as support.

#### 6.1.1 The government as a stakeholder

Liberalization of the banking system as well as international trade can be an effective step in simplifying the process of development for the private sector as well as development partners. As of now there is a small portion of people who have access to foreign exchange and can therefore import inputs for their businesses. This excludes a majority of the population in becoming active agents of the private sector as there seems to be a “glass ceiling” in terms of successfully scaling privately owned businesses. This would consequently increase poverty reduction and increase the standard of living as jobs are created and opportunities given to a greater portion of the population. This would not only improve social development but lead to an economy boost and encourage international trade, increasing forex. Additionally, development partners could implement projects and initiatives more rapidly, as finances are increasingly available leading to more effective operations. This would benefit multiple areas including, job creation and higher potential for knowledge transfer. The government should also actively implement projects that specifically focus on inclusion and

increased equality across different ethnicity in the country. This could lead to a decrease in conflict between different regions of Ethiopia. The conflicts present hinder development partners from effectively executing their programs while infrastructure, especially in the agricultural sector is destroyed. Improving the relationship between different ethnicities leads to a reduction of conflict, resulting in implementation of development strategies and projects to be more successful.

### 6.1.2 The private sector as a stakeholder

The private sector has played an important role in the development of Ethiopia. It has invested in agriculture, construction and industry parks. This created job opportunities and increased the standard of living for many individuals. However, there are actions that agents of the private sector can incorporate to promote development and continuously increase the benefits for the country as a whole. The private sector could increase its investment in renewable energy and energy infrastructure to expand accessibility to clean energy. This would be directly reflected in the environmental development and conservation. Additionally, the investment in education could be increased. This would lead to greater quality of education and skills developed during schooling years, resulting in a more efficient labor force. A skilled work force would make Ethiopia more attractive to foreign direct investment which leads to increased productivity and access to forex. As mentioned in the recommendations for the governmental level, access to finances is important for development. The private sector could foster relationships with banking institutions as well as the government to develop initiatives such as venture capital funds or microfinance schemes that can cater to small business owners, looking for investment. These recommendations would foster economic, social and environmental development.

### 6.1.3 NGOs as a stakeholder

Understanding the historical background of Ethiopia and acknowledging the different cultural contexts the country presents is an essential part for successful and effective development support. This will lead to a respectful relationship between NGOs and the government and therefore lead to success. This includes catering to different ethnicities, understanding lingual differences as well as recognizing a difference in opportunities given across Ethiopia. Given

that there is mutual respect and acknowledgement, development programs can be implemented in a more effective manner and projects can be developed according to different needs of varying regions. Additionally, developing partners should always work closely in cooperation with the government in order to reach national goals rather than western ideologies. Finally, challenges that are present in the development process must be accepted. While there should be initiatives to eliminate challenges, they have to be incorporated in the planning process of projects and programs to reduce unexpected delays.

#### 6.1.4 Citizens as a stakeholder

The participation of the population in Ethiopia in effective and sustainable development highly relies on the policies in place and opportunities given. However, the general approach of citizens in Ethiopia should be to actively participate in democratic processes to gain control over policies made. Additionally, they should continuously seek for education and skill development as this is the foundation of self-development and becoming an active agent of the economy and therefore increasing their standard of living. It has become evident that the distribution of opportunity is limited, however every citizen should be actively searching for circumstances that are favorable to their private life as well as have a positive effect on the population/country.

## 6.2 Limitations and future research implications

Future research implications could include analyzing the perspective of marginalized and underrepresented groups on development and strategies implemented in Ethiopia or other LDCs. While Ethiopia is an important example when analyzing development aid and overall development of LDCs, the data collected is limited and may reduce the ability to draw a conclusion on global development and strategies. By conducting the same study in another country of similar status, research would benefit and assist in drawing more advantageous conclusions. Another limitation of this thesis is the access to only the perspective of individuals who work closely with NGOs or the government and therefore represented limited experience a bias towards development and strategies. By including citizens who do not have a political or related background would provide insight on the experience of individuals who have not experienced development as others with access to financial resources and

education. Furthermore, future research could specifically study governmental practices and policy decisions. This could give further explanatory aspects to the challenges Ethiopia is facing in the development process. Lastly the interviews could be held in person rather than through an asynchronous model to lead a natural and spontaneous conversation. This would give the researcher the ability to guide the conversation in a specific direction and ask follow-up questions.

### 6.3 Overall conclusion

This thesis examined socioeconomic development in Ethiopia with a close link to development aid and development strategies implemented to achieve this. Ethiopia is considered an LDC, which is the reason for various initiatives to be implemented in order to reach sustainable development across all three pillars (economic, social and environmental). Development partners and development strategies assist in the process and aim to create mid- to long-term goals that are attainable and measurable through KPIs.

Ethiopia faces many challenges that lead to reduced success and effectiveness of development strategies being implemented. The research found that these challenges are mainly internal, being the main cause for the disruption of development on a macro level. It is important that internal obstacles are addressed through a strategic change in policy and intense consultation from development partners to successfully implement projects to serve on a micro level. External circumstances such as climate change and cultural differences also play an important role in slowing development. It is important to recognize these challenges and cooperate with them in the development of strategies within the government in addition to other partners.

Development of a country is a concept that never ends. The state of development, however, adapts according to the status of a country's productivity and social wellbeing. Through the implementation of strategies, countries are able to establish a roadmap to guide them towards a promising future with assistance from external development partners.



## 7 Bibliography

- Abegaz, B. (1998). Aid and reform in Ethiopia. Aid and reform in Africa project of the World Bank.  
<https://documents1.worldbank.org/curated/en/716401468029717101/pdf/357250ET0Aid010reform0ethiopia2.pdf>. Accessed on 16.03.2023
- Anderson, A. (2012). Development Strategy. The Politics of Timor-Leste. (1) Ithaca, New York. Pp. 257–283.
- Asfaw, T. (1992). An Overview of Ethiopia’s Planning Experience. The Ethiopian Economy: Structure, Problems and Policy Issues. [https://eea-et.org/sites/default/files/publications/Tesfaye%20Asfaw %20An%20Overview%20of %20Ethiopia%E2%80%99s%20Planning%20Experience.pdf](https://eea-et.org/sites/default/files/publications/Tesfaye%20Asfaw%20An%20Overview%20of%20Ethiopia%E2%80%99s%20Planning%20Experience.pdf). Accessed 16.03.2023
- Cardoso, F. H., & Faletto, E. (1979). Dependency and development in Latin America. (1) University of California Press.
- Creswell, J.W. (2014). Research design: qualitative, quantitative & mixed methods approaches. (4). Los Angeles: Sage.
- DEISO. (2023). The difference between sustainability, environmental sustainability, and sustainable development. <https://deiso.co.jp/the-differences-between-sustainability-environmental-sustainability-and-sustainable-development/>. Accessed on 05.04.2023
- Dollar, D. & Kraay, A. (2002). Growth is good for the poor. Journal of Economic Growth. (7)3. Pp. 195–225. <http://www.jstor.org/stable/40216063>.
- Duran, D., Gogan, L., Artene, A., & Duran, V. (2015). The components of sustainable development – a possible approach. Procedia Economics and Finance. (26) 806-811. [https://doi.org/10.1016/S2212-5671\(15\)00849-7](https://doi.org/10.1016/S2212-5671(15)00849-7)
- European Commission. (2022). European Civil Protection and Humanitarian Aid Operations: Ethiopia. European Commission. [https://civil-protection-humanitarian-aid.ec.europa.eu/where/africa/ethiopia\\_en](https://civil-protection-humanitarian-aid.ec.europa.eu/where/africa/ethiopia_en) Accessed on 13.04.2023
- Evennett, H. (2022). Conflict in the Tigray region of Ethiopia. House of lords library. <https://lordslibrary.parliament.uk/conflict-in-the-tigray-region-of-ethiopia/>. Accessed on 26.03.2023
- Fritz, J. (2003). Socioeconomic Developmental Social Work. Encyclopedia of Life Support Systems. (1). <https://www.eolss.net/sample-chapters/c13/E1-20-01.pdf> Accessed on 13.04.2023

- Gates, R. & Lee, M. (2005). Policy Report: Social Development. Sustainability Group.  
<https://council.vancouver.ca/20050524/documents/p1.pdf> Accessed on 27.04.2023.
- Glaeser, B. (1984). Ecodevelopment: concepts, projects, strategies. (1).Pergamon Press. New York
- Goodland, R. (2002). Sustainability: Human, Social, Eco- nomic and Environmental. Encyclopedia of Global Environmental Change.  
<https://www2.econ.iastate.edu/classes/tsc220/hallam/TypesOfSustainability.pdf>  
Accessed on 01.03.2023
- Green, M., Harmacek, J. & Htitich, M. (2021). 2021 Social Progress Index. Social Progress Imperativ.  
<https://www.socialprogress.org/static/6dddc0825871adff20505d18d99b1707/2021%20Social%20Progress%20Index%20Methodology%20Report%20Final.pdf> Accessed on 13.04.2023
- Gulrajani, N. (2016). Bilateral versus multilateral aid channels. ODI Report. <http://cdn-odi-production.s3.amazonaws.com/media/documents/10492.pdf> Accessed 21.03.2023
- Jakupec, V. & Kelly, M. 2016. Official development assistance and impact assessment - theoretical and practical frameworks. Assessing the Impact of Foreign Aid: Value for money and aid for trade, pp. 1-16. <https://10.1016/B978-0-12-803660-0.00001-5>
- Litwinski, M. (2019). The evolution of idea of socio-economic development. *Ekonomia I Pawro*. 16(4). <https://10.12775/EiP.2017.031>
- Mamo, W., Feyisa, H., Yitayaw, M. & Tereda, S. (2022). Employment status during the COVID-19 pandemic: Evidence from Ethiopia. *Indian J Labour Econ*. 65(1). Pp. 123–135. <https://10.1007/s41027-022-00365-x>.
- Matthews, B. and Ross, L. (2010). *Research Methods: A Practical Guide For The Social Sciences*. Harlow, United Kingdom: Longman. <https://10.1093/bjc/azs016>
- McKenzie, S. (2004). Social Sustainability: Towards Some Definitions. Hawke Research Institute. 8 pp.6–10. <https://10.15640/jsspi.v4n2a3>
- Moldan, B., Hak, T., & Janouskova, S. (2011). How to Understand and Measure Environmental Sustainability: Indicators and Targets.  
<https://doi.org/10.1016/j.ecolind.2011.04.033>
- Morelli, J. (2011). Environmental Sustainability: A Definition for Environmental Professionals. *Journal of Environmental Sustainability*. (1)1.  
<https://doi.org/10.1016/B978-0-12-824084-7.00010-2>
- Nchofound, T., Kengdo, A., Moumie, E., & Fonsoh, T. (2022). Teach me to fish instead of giving me fish: Foreign development aid and employment in Africa. *World Development Sustainability*. (1). <https://doi.org/10.1016/j.wds.2022.100032>

- Nussbaum, M. C. (2011). *Creating capabilities: The human development approach*. (1) Harvard University Press.
- OECD Library. (2023). *Official development assistance (ODA)*. OECD-Library. [https://www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english\\_5136f9ba-en](https://www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english_5136f9ba-en) Accessed on 16.03.2023
- Planning and Development Commission. (2020). *Ten Years Development Plan: A Pathway to Prosperity*. [https://www.ircwash.org/sites/default/files/ten\\_year\\_development\\_plan\\_a\\_pathway\\_to\\_prosperity.2021-2030\\_version.pdf](https://www.ircwash.org/sites/default/files/ten_year_development_plan_a_pathway_to_prosperity.2021-2030_version.pdf) Accessed on 15.05.2023
- Prieto-Valero, C. 2020. *Foreign Aid: Pros, cons and ideas to improve the results in the world*. 17 pp. 13-28.
- Priewe, J. (2015). *Seven strategies for development in comparison. Rethinking development strategies after financial crisis*. (1) pp. 27-44 [https://unctad.org/system/files/official-document/gdsmdp20151priewe\\_en.pdf](https://unctad.org/system/files/official-document/gdsmdp20151priewe_en.pdf) Accessed on 28.04.2023
- Purvis, B., Mao, Y., & Robinson, D., (2018). *Three pillars of sustainability: in search of conceptual origins*. *Sustainability Science*. (14) 681–695. <https://doi.org/10.1007/s11625-018-0627-5>
- Rostow, W.W. (1960). *The stages of economic growth: A non-communist manifesto*. Cambridge University Press. <https://doi.org/10.1017/CBO9780511625824>
- Schmiedeknecht, M. (2013). *Environmental Sustainability Index*. *Encyclopedia of Corporate Social Responsibility*. Pp. 1070–1024. [https://10.1007/978-3-642-28036-6\\_116](https://10.1007/978-3-642-28036-6_116)
- Sharkey, J. & Fricker, J. (2009). *Economic Development Performance Measures and Rural Economic Development in India*. Purdue University. <https://doi.org/10.5703/1288284314290>
- SID. (2021). *Issues in Development*. Society for International Development. <https://sid-israel.org/en/what-is-development/>. Accessed on 15.03.2023
- Slimani, H. (2021). *A Knowledge Discovery from Data Process to Assess the Reliability of the Human Development Index*. Hal. <https://hal.science/hal-03332534/document> Accessed on 12.03.2023
- Social Progress Imperative. (2022). *Social Progress Index: Ethiopia*. <https://www.socialprogress.org/?code=ETH&tab=2> Accessed on 02.06.2023
- Stiglitz, J., Sen, A. & Fitoussi, J. (2009). *Report by the Commission on the Measurement of Economic Performance and Social Progress*. <https://ec.europa.eu/eurostat/documents/8131721/8131772/Stiglitz-Sen-Fitoussi-Commission-report.pdf>. Accessed on 02.05.2023

- Taqi, A. (2020). Social and Sustainable Development. Nonviolence NY.  
<https://www.nonviolenceny.org/post/social-and-sustainable-development>. Accessed on 01.04.2023
- Taras, D. (n.d.) Sustainable economic development. Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH. <https://www.giz.de/en/worldwide/82150.html> Accessed on 08.04.2023
- The World Bank, (n.a.). Human Capital Project.  
<https://www.worldbank.org/en/publication/human-capital>. Accessed on 26.03.2023
- The World Bank. (2019). World Development Indicators: Economy. The World Bank.  
<https://datatopics.worldbank.org/world-development-indicators/>. Accessed on 01.04.2023
- The World Bank. (2022). The World Bank in Ethiopia.  
<https://www.worldbank.org/en/country/ethiopia/overview>. Accessed on 26.03.203.
- The World Bank. (2022). School enrollment, primary (%gross) Ethiopia.  
<https://data.worldbank.org/indicator/SE.PRM.ENRR?end=2021&locations=ET&start=2000> Accessed 02.07.2023
- The World Bank. (2023). Unemployment, total (% of total labor force)(modelled ILO estimate)- Ethiopia.  
<https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=ET>. Accessed on 26.03.2023
- UNDP. (2022). Ethiopia 2030: A Country Transformed? Option for a next generation of reform. Ethiopia Working Series. (2).  
[https://www.undp.org/sites/g/files/zskgke326/files/2023-03/UNDP%20Ethiopia\\_Working%20paper%20series%202.pdf](https://www.undp.org/sites/g/files/zskgke326/files/2023-03/UNDP%20Ethiopia_Working%20paper%20series%202.pdf) Accessed on 31.05.2023
- UNESCO. (n.a.). Literacy rate. <https://uis.unesco.org/node/3079621>. Accessed on 23.03.2023
- United Nations Development Programme (UNDP). (2020). Human Development Index (HDI).  
<http://hdr.undp.org/en/content/human-development-index-hdi>. Accessed 23.03.2023
- United Nations. (2004). Indicators—measuring and reporting on progress. Information for decision making for sustainable development for Caribbean small island developing states.  
<https://www.un.org/esa/sustdev/natlinfo/indicators/idsd/methodologies/indicators.htm>

- United Nations. (2022). The Sustainable Development Goals Report. United Nations.  
<https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf>. Accessed on 02.06.2023
- UNDP. (2023). Human Development Index (HDI). Human Development Reports.  
<https://hdr.undp.org/data-center/human-development-index#/indicies/HDI>.  
Accessed on 10.04.2023
- Ura, K., Alkire, S. & Zangmo, T. (2012). GNH and GNH Index: a Short Guide to Gross National Happiness Index. The Center of Bhutan Studies. Pp. 6. [https://ophi.org.uk/wp-content/uploads/GNH\\_and\\_GNH\\_index\\_2012.pdf](https://ophi.org.uk/wp-content/uploads/GNH_and_GNH_index_2012.pdf). Accessed on 15.04.2023
- Wazza, M. (2022). Ten year of development plan of Ethiopia (2021-2030): a Critical Review.  
<https://doi.org/10.13140/RG.2.2.13412.86407>
- Wolf, M., Emerson, J., Esty, D., Sherbinin, A. & Wendling, Z. (2022). About the EPI. Environmental Performance Index. <https://epi.yale.edu/about-epi>
- World Bank. (2021). Social sustainability and Inclusion. The World Bank.  
<https://www.worldbank.org/en/topic/socialsustainability/overview>
- Yale Center for Environmental Law & Policy. (2022). Environmental Performance Index.  
<https://epi.yale.edu/epi-results/2022/country/eth>. Accessed on 31.05.2023
- Zakour, M. & Swager, C. (2018) Creating Katrina, Rebuilding Resilience. Lessons from New Orleans on Vulnerability and Resilience. pp. 45-78. <https://doi.org/10.1016/B978-0-12-809557-7.00003-X>

## 8 Appendices

### 8.1 Appendix A: interview questions

#### Category 1: Development in Ethiopia

1. To what extent have you experienced development in Ethiopia? Looking back to 2010, how has Ethiopia changed?
2. What are key drivers of economic and social development in Ethiopia?
3. What are key development challenges in Ethiopia, and to what extent are you aware of the steps taken to address these challenges?

#### Category 2: Development strategies in Ethiopia

Four questions Are you familiar with the Home Grown Economic Reform and the 10 Year Development Plan in Ethiopia?

1. If so, what kind of developmental progress have you experienced linked to development strategies implemented in Ethiopia?
2. How have development strategies in Ethiopia evolved since 2010 and what factors have influenced these changes?
3. To what extent are the three pillars of development (social, economic and environmental) foundation of development strategies in Ethiopia?

#### Category 3: Development aid in Ethiopia

1. How has development aid contributed to the rapid economic growth?
2. What are key successes and challenges associated with aid programs and initiatives?
3. How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?

## 8.2 Appendix B: interviewee information

*Table 3 Interviewee Information*

*Created by the author*

Respondents	Occupation/ professional background
Interviewee 1	Cluster coordinator at development partner. Interviewee 1 grew up in Ethiopia and had the chance to study abroad. Therefore interviewee 1 gave insight into development progress over many years with the comparison of a western country, with extensive knowledge of development partners and their contribution to development.
Interviewee 2	Multiple business owner in Ethiopia. Interviewee 2 has extensive knowledge of activity within the private sector due to experience in starting own businesses in the Ethiopian economy.
Interviewee 3	Former minister of agriculture of the Ethiopian government. Interviewee 3 was chosen due to experience of government activity especially regarding the agricultural sector and knowledge of development strategies.
Interviewee 4	Head of finance and administration at development partner in Ethiopia. Interviewee 4 was chosen due to the expertise of financial cooperation between NGOs and the government.

## 8.3 Appendix C: interview responses

### Interviewee one:

#### Category 1: Development in Ethiopia

1. To what extent have you experienced development in Ethiopia? Looking back to 2010, how has Ethiopia changed?

The economy has been growing especially since 2018. The Government placed strong focus on the private sector and became a private sector led government. It started to focus on investing more in the infrastructure and agriculture. The government wanted the private sector to develop and encourage it. The combination of that and the investment in construction led to the growing economy. After 2020, the development progress changed and the private led economy slowed due to Covid and the war. The national conflict in the north but also the war in the Ukraine has affected the development in Ethiopia.

1. What are key drivers of economic and social development in Ethiopia?

Asian involvement, especially from China, has played a big role in growing the economy. There was major investment in the infrastructure and developing the countryside. Since 2010, it has changed a lot from small huts to proper farms. The investment in infrastructure connected farmers with markets which made them increase their income. So, the government also focused on overall poverty reduction and making health institutions more accessible for the population. The economic motivation is clear, but socially, the government focuses on building a strong foundation with also providing more education facilities to the population which already shows success because enrolment rate is increasing.

2. What are key development challenges in Ethiopia, and to what extent are you aware of the steps taken to address these challenges?

There are many bottle necks for foreign direct investment because of currency. Another challenge is that even though the government is encouraging the private sector, access to finances is very difficult. Local investment is not easy to obtain because investing is associated with high risk. But because of foreign exchange from birr to any international currency is almost impossible which makes it very unattractive for foreigners to invest. So, the access to money in general where it is local or foreign is a challenge in development. With the lack of investment and a slowed private sector, that means that there is no job creation. The population in Ethiopia however is growing so without the creation of jobs, people will not be able to escape poverty. Other challenges are corruption and access to education.



## Category 2: Development strategies in Ethiopia

3. Are you familiar with the Home Grown Economic Reform and the 10 Year Development Plan in Ethiopia?

Yes

4. If so, what kind of developmental progress have you experienced linked to development strategies implemented in Ethiopia?

Both strategies are heavily focusing on developing the private sector as the government sees it to be the foundation of everything else. But also, the agricultural sector is benefitting from these strategies. Farmers receive inputs and fertilizers to increase their yield. As mentioned earlier the infrastructure improved by giving more farmers access to markets so there is change in that aspect and shows that the strategies are in place to increase overall living standards. There is also investment in the industrial sector where the government supplies water and energy for individuals needing access to it. Telecommunication also improved, however there may not be a direct link to the strategies. Even if I said that access to local investment is still a challenge in Ethiopia, the banking system itself has been liberalized which can be seen as a result of development strategies in place. But Ethiopia is still far from being a middle-income country. The goal is for the country to have middle income status by 2025, but we are very far from that.

5. How have development strategies in Ethiopia evolved since 2010 and what factors have influenced these changes?

There is no major strategical shift in the strategies from my knowledge. The government is always trying to incorporate goals that have not been reached from another strategy, but there is no major difference from one strategy to another.

6. To what extent are the three pillars of development (social, economic and environmental) foundation of development strategies in Ethiopia?

The strategies definitely focus on growing the economy and there is a relationship between the economy and society. The environment however is only focused on partially. There is a program in place called "Green Legacy" where the government is planting billions of trees around the country so there is a focus on greening urban areas, and I can say that Addis has becomes a lot greener than it used to be. However there energy sufficiency is still a topic of concern especially in the industrial sector. Also there are way to many old card on the roads. There is a policy that has been implemented recently that cars older than seven years are not allowed to be imported, but there country is already full of old cars and that is something the environment is suffering under. Again this is where the country is behind.

### Category 3: Development aid in Ethiopia

7. How has development aid contributed to the rapid economic growth?

Development aid organizations definitely contributed to the economic growth. Of course not alone, as investment has helped as well. But development aid has introduced programs that allow people to improve their skills and become more attractive to foreign investment. Because international companies often shy away from doing business in Ethiopia due to the workforce being unskilled. Aid organization have worked on improving that in order to make the country more attractive. Also job creation plays a big role in Ethiopia. Advisory programs on policy level is also implemented from aid programs in order to change the overall mindset of the government and population and be open to change. And of course as Ethiopia relies heavily on agriculture, there are programs in place that aid in that sector as well. This includes education on farming, infrastructure for water supply as well as education on risk management focusing on droughts.

8. What are key successes and challenges associated with aid programs and initiatives?

The country and government is very fragile so it is often difficult for organizations to implement programs and strategies as things can change very quickly. Additionally the political mindset often hinders organization to work freely and require a lot of time for approval. Now with the war, security has become an issue as well where many organizations do not allow their employees to travel into specific regions, which affects the efficiency of program implementation.

9. How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?

Organizations need to stay flexible and adjust to the environment in Ethiopia. That its is often very slow, but can change very quickly as well. In my opinion the goals of Ethiopia and aid organizations align so there is not much conflict on terms of the end goal. It just requires flexibility.

**Interviewee two:**

Category 1: Development in Ethiopia

1. To what extent have you experienced development in Ethiopia? Looking back to 2010, how has Ethiopia changed?

There was a big change in the development in Ethiopia. Especially in the rural areas there is a lot of change. The poverty reduction is immense there and you can see it. 10 years ago you would only see huts and an occasional house in the country side. Now you see more houses than huts. They are simple but have solid walls and a proper roof. Also there are more schools and small clinics in the country side. In the urban areas you see a lot more construction of commercial buildings but also residential apartment building. Especially for the Condominium Project, which builds affordable governmental housing available to the people in Ethiopia.

2. What are key drivers of economic and social development in Ethiopia?

The diaspora has increased a lot. Many Ethiopians who have left the country for education or work are now coming back because they see potential. They bring expertise and often money back into the country which plays an important role on the development especially in the private sector. Also, Ethiopia is one of the biggest financial aid receivers in the world, which of course plays a major role. The government is also focusing on the construction of industry parks which has given access to manufacturing opportunities and there are many more schools and universities making education more available.

3. What are key development challenges in Ethiopia, and to what extent are you aware of the steps taken to address these challenges?

One of the main challenges is that there is not enough skill inside the country. Even though there are many more schools and universities, the education and level of skill has decreased. When people leave school with a certificate, they often lack skill. From my own experience in hiring nationals for my business, the people that applied all have university degrees, however the quality of education they have received is very low. We had to train most of our employees in addition to the normal training we give due to lack of skill and bad quality of education. This is due the schools not finding qualified teachers as the pay is too low. No internationals from the region are willing to teach due to no financial benefits. Education is the baseline for a thriving population. This doesn't necessarily mean university, but skills that are used in for example agriculture. Other challenges are of course corruption in the government and that the government is very bureaucratic when it comes to the private sector. Things take very long and you need many approvals before you can start your business. From my experience

there is no positive development in the private sector. In the contrary it became more burdensome.

#### Category 2: Development strategies in Ethiopia

4. Are you familiar with the Home Grown Economic Reform and the 10 Year Development Plan in Ethiopia?

Yes

5. If so, what kind of developmental progress have you experienced linked to development strategies implemented in Ethiopia?

There has been major development in infrastructure. Especially in the construction of roads. This was mainly due to the Chinese influence. They offered to build roads for a low price which led all European and western companies to leave Ethiopia as they were too expensive. There is a strong political interest in following the strategies, but it is difficult to say that all development is due to the implementation of them. I believe that it is a good way of holding the government accountable for the goals they have and it is a good way of measuring progress as well as measure governmental performance.

6. How have development strategies in Ethiopia evolved since 2010 and what factors have influenced these changes?

I do not have any information on this.

7. To what extent are the three pillars of development (social, economic and environmental) foundation of development strategies in Ethiopia?

The strategies of course place focus on all three pillars. However the environment does not seem to be as important as the economy and society. I think this is mainly due to other issues, especially social problems, to be addressed first. The west can focus on the environment as there are no major social issues. But here, the population needs to be taken care of, jobs need to be created and the standard of living needs to be increased before addressing environmental issues. However there are programs in place like the cobble stone project that is sustainable and creates jobs.

#### Category 3: Development aid in Ethiopia

8. How has development aid contributed to the rapid economic growth?

Aid organizations played a big role. Major organization such as the UN, and GIZ have big offices and many projects in place that I believe all contribute to the development.

9. What are key successes and challenges associated with aid programs and initiatives?

Key challenges are the ongoing change of ministers in the government. There is change all the time which disrupts the progress of many projects. Often it means that the project needs to start over or experiences long periods of being on hold. Another challenge is that a lot of people believe that aid organizations act as a catalyst for political agendas especially in the Tigray war. This of course is not the case for everyone, but because of this organizations may have become a target in conflict.

10. How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?

I think its essential that organizations work together with the government, consult in the implementation of strategies but do not implement their own ideas without the involvement of the government. GIZ does a great job in doing so. They work very closely with the government and assist in carrying out goals created by the government. There is a project being implemented that focuses on dual education where practical work and theoretical education is combined. It's a bottom up approach that Ethiopia has set as a goal and received assistance from organization that specialize in the educational industry.

**Interviewee three:**

Category 1: Development in Ethiopia

1. To what extent have you experienced development in Ethiopia? Looking back to 2010, how has Ethiopia changed?

Since 2001, the government has started to focus on different sectors that are important for the economy. There was a change of foreign policy and agricultural policies as “80% of people are in the agricultural sector, whether that being for private consumption or mass production. The government also started to focus more on skill development within the country where there was a top to bottom approach of passing on knowledge and expertise from high positions in the government to citizens. The strategies that have been implemented are very clear and transparent.

2. What are key drivers of economic and social development in Ethiopia?

Key drivers include the development of the agricultural sector. There was an increase in supplying inputs such as fertilizers, crops, machinery and the private sector started to invest in the sector. The infrastructure that gave farmers the ability to sell their produce at markets also developed, leading farmers to increase their earnings and therefore increase productivity. Also the government invested in industrial parks which increased the export of goods and created job opportunities within the country. Additionally there was large amounts of financing flowing into the health sector, where the government's goal was to prevent disease rather than control it.

3. What are key development challenges in Ethiopia, and to what extent are you aware of the steps taken to address these challenges?

The main challenge Ethiopia is facing is climate change. The economy in Ethiopia relies heavily on agriculture and the weather conditions that make farming possible or impossible. Ethiopia has been experiencing more intense droughts and heavy rainfall that the degraded soil cannot soak up. This has a dramatic effect on farming and is a main challenge that keeps the country from progressing. Another challenge is population growth. I would say it is a challenge and opportunity at once. It gives the opportunity to increase the skilled population, however this will only be beneficial if skilled individuals are able to seek employment, which at the moment is not the case. The demand for employment is higher than the creation. In other words the economic growth needs to equal population growth to ensure that enough jobs are created. But this is not the case as of now. The growing population can be linked to another challenge which is security. There is conflict between citizens due to lack of equal distribution of employment and opportunities. Another challenge is the global economic crisis. Ethiopia

imports its fuel and other inputs such as machines, however due to inflation this became unaffordable for many people and has slowed the consumption behavior. Another challenge I want to mention is that the government is not accommodating political interest of the population. Ethiopia is very diverse when it comes to culture, language and management needs. This makes it difficult to cater to everyone's political interest and therefore making it challenging for economic development.

#### Category 2: Development strategies in Ethiopia

4. Are you familiar with the Home Grown Economic Reform and the 10 Year Development Plan in Ethiopia?

yes

5. If so, what kind of developmental progress have you experienced linked to development strategies implemented in Ethiopia?

The focus on agricultural development and industrial development is mainly due to the strategies implemented. Education is another factor that can be linked to the strategies where up to secondary education is free for all citizens and university is a cost sharing model. Due to the strategies, there are more hospitals and clinics which focus on, as I mentioned earlier, preventing diseases rather than controlling them. This is an agenda that is coming from the government.

6. How have development strategies in Ethiopia evolved since 2010 and what factors have influenced these changes?

I have not experienced a specific change that has effected the development of Ethiopia. With time, the government adjusts the strategies in order to cater to specific problems the country is facing. But the end goal of reaching a middle income state does not change, maybe there a different factors that may change the actions taking place and how fast something is being processed. But there is no specific change.

7. To what extent are the three pillars of development (social, economic and environmental) foundation of development strategies in Ethiopia?

Ethiopia sees environmental development and conservation as one of the most important factors as the country's economy relies so much on the agricultural sector. There is a project in place called "Green Legacy" which focuses on greening the country to keep the soil from degrading and neutralize CO2 emissions. There also is a lot of training given to citizens working in the industry to ensure proper practice and conservation, without losing yield. There is a linkage with social development. The government started to give farmers land user rights so farmers have the rights for the usage of land for agricultural purposes without having to

purchase the land. These rights can be inherited to children and is combined with training. This ensures that more people can take care of themselves and produce their own food and have a source of income, which essentially boosts the economy. So I would say that all pillars are interlinked. A good and healthy environment leads to a perfect foundation for a thriving economy as it relies on it, this will then have a positive effect on the social development. The Ethiopian government is considering all aspects when developing strategies.

### Category 3: Development aid in Ethiopia

#### 8. How has development aid contributed to the rapid economic growth?

Ethiopia is one of the countries that receives the most development support in the world. Of course they took part in the economic growth. What the big organizations do is assist I implemented projects and programs that focus on for example skill development, or infrastructure development. The partners provide Ethiopia with monetary means through for example the World as loans and grants. The financial assistance is either given directly to the government to finance their project, or is monitored by partners for projects agreed upon with the government. GIZ for example works very closely with the government and monitors all projects and finances. They have many projects that revolve around skill development which definitely contributed to the growth Ethiopia has seen.

#### 9. What are key successes and challenges associated with aid programs and initiatives?

A big challenge is that due to the national diversity, it is very difficult to cater to all interests in terms of development. But this is an internal conflict that poses a challenge for external partners.

#### 10. How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?

The most important thing in my opinion is that all development partners work with the government and are aware of the cultural differences within the country. It is important to understand the strategies implemented by the government themselves and development partners should act as "support" in implementing these rather than implementing projects that are not directly linked to the strategies.



**Interviewee four:**

Category 1: Development in Ethiopia

1. To what extent have you experienced development in Ethiopia? Looking back to 2010, how has Ethiopia changed?

The urban cities, especially Addis Ababa, exploded in terms of construction. 10 years ago there were a lot more little stores, shops and houses that spread across the city. Now you mainly see tall buildings and constructions sites. There has been a lot of investment in “low cost” construction to change city scape of Addis. The phenomenon is, that a lot of the construction will take years. When individuals have enough money to start a project, they will do so, but can only continue once there is not inflow of cash. That is why there are many construction sites that are on hold and give the impression that there are always new buildings being built, when really that is not the case. I think it’s important to note that this development in the construction industry has led to a lot of relocation of people that previously used the land being built on. Of course there are employment opportunities created, however the people who have lost their shop or place of home outreach the jobs created. Therefore the development seen only has a positive effect on a few people rather than the whole country. There also has been development in the infrastructure. Many roads were built however it is far from the big change in construction of commercial and residential buildings.

2. What are key drivers of economic and social development in Ethiopia?

This links back to the construction industry. Most investments come from the private sector. These individuals often have access to forex, or hard currency, in order to import materials from elsewhere. This increased productivity in the country. However this again is due to a small amount of people who have a privilege in having foreign currency and being aware of loopholes that allow a faster and often cheaper import of goods. Ethiopia is not a huge exporter of raw materials. However it is known for its coffee export and also flowers, in particular roses. Those also play an important role in the development of the country and increases the amount of hard currency available in the country.

3. What are key development challenges in Ethiopia, and to what extent are you aware of the steps taken to address these challenges?

As mentioned earlier, forex is a huge limiting factor in development. Only a few are able to obtain foreign currency. The other simply don’t and can therefore not import any materials from outside. This reduces the potential of development as it is simply not possible as most inputs in any industry are imported. Additionally, there are many import restrictions, high

import taxes and duty fees, which often doubles the cost and takes a long time for imports to be cleared. Another limiting factor is that bureaucracy in Ethiopia. Everything is written on paper and often requires original stamps and signatures. Nothing is digitalized which again increases the time spent on administrative tasks. Development within Ethiopia is also challenged to the lack of money the government has available. The tax system, again everything on paper and hand written, is unstable. Business owners often do not even pay taxes as there are not benefits the public receives, and the government has not system in place to monitor this. For supermarkets for example, this is a little different, as they have purchase order systems or POS in place that is linked to the Ministry of Revenue. They require the supermarkets to submit all their paper receipts for the tax declaration and potential return. This is its own problem though because tax returns often take years, while the national currency, Birr, loses its worth. So the tax return loses its value. There is a systematic challenge within the government that limits development and is interlinked with so many other factors that restricts simplification.

#### Category 2: Development strategies in Ethiopia

4. Are you familiar with the Home Grown Economic Reform and the 10 Year Development Plan in Ethiopia?

No

5. If so, what kind of developmental progress have you experienced linked to development strategies implemented in Ethiopia?

-

6. How have development strategies in Ethiopia evolved since 2010 and what factors have influenced these changes?

-

7. To what extent are the three pillars of development (social, economic and environmental) foundation of development strategies in Ethiopia?

-

#### Category 3: Development aid in Ethiopia

8. How has development aid contributed to the rapid economic growth?

Yes, development partners have played a big role in the development overall. I wouldn't necessarily say in the economic growth, but from a micro perspective. I think it's important to ask the question how the development process would be if partners weren't present. The

development partners bring the know-how and expertise into the country. The goals of development partners should be to become no longer needed. Where Ethiopians soak up all the expertise and are able practice the skill by themselves. That of course requires close collaboration with the government to ensure this. Another important aspect is that all the development partners create many jobs within Ethiopia. GIZ for example employs approximately 700 nationals.

9. What are key successes and challenges associated with aid programs and initiatives?

I think that the biggest challenge of development in Ethiopia is the forex problem. Even development programs are limited by this as hard currency is simply not available and partners can often not be paid. Another challenge is the negotiation with the government. Most partners do not implement their own projects but are in close contact with the government. This requires an agreement for the foundation of the projects which are often difficult to negotiate. This includes human rights topics such as legal security but also includes work permits for international employees. Additionally a challenge that many development organizations in Ethiopia face is an unstable health system making employees hesitant to work in Ethiopia. Additionally security is a concern as well as the availability of basic needs. This of course isn't a challenge is needs to be negotiated with the government, but poses as a challenge for the organizations to have qualified and international staff. Also international organizations often require offices or special import qualifications, which often poses as a challenge and takes long to be implemented.

10. How can external agents contribute, to ensure that their aid is aligned with Ethiopia's development goals?

It's important to understand the history of Ethiopia. The country has never been colonized, is one of the richest cultures in the world with an incredible religious background. They have their own calendar, their own time and their own alphabet. Ethiopia is a very proud nation, and they have every right to be. Therefore it is important that all external organizations understand this in order to have a successful and beneficial cooperation. The word "aid" is often rejected by the public but also the government so it's important to see the work of partners as support rather than aid. Also its important to understand the goals Ethiopia has as a country without any development partners and then mold projects and programs to cater to those strategies.