

ADDIS ABABA UNIVERSITY
COLLAGE OF SOCIAL SCIENCE
CENTER FOR AFRICAN AND ORIENTAL STUDIES

TITLE

**THE CHALLENGES AND PROSPECTS OF BUILDING A
DEVELOPMENTAL STATE IN AFRICA: A COMPARATIVE STUDY OF
BOTSWANA AND ETHIOPIA**

BY

MESGNA GEBRETENSAE

JUNE, 2015

ADDIS ABABA

**THE CHALLENGES AND PROSPECTS OF BUILDING A
DEVELOPMENTAL STATE IN AFRICA: A COMPARATIVE STUDY OF
BOTSWANA AND ETHIOPIA.**

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ADDIS
ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF ARTS IN AFRICAN STUDIES (HUMAN AND
ECONOMIC DEVELOPMENT IN AFRICA).**

BY: MESGNA GEBRETENSAE

ADVISOR: TESFAYE TAFESSE (PhD.)

**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
CENTER FOR AFRICAN AND ORIENTAL STUDIES**

JUNE, 2015

ADDIS ABABA

ADDIS ABABA UNIVERSITY
COLLEGE OF SOCIAL SCIENCE
CENTER FOR AFRICAN AND ORIENTAL STUDIES

TITLE

**THE CHALLENGES AND PROSPECTS OF BUILDING A DEVELOPMENTAL STATE
IN AFRICA: A COMPARATIVE STUDY OF BOTSWANA AND ETHIOPIA.**

BY

MESGNA GEBRETENSAE

Approved by the Board of Examiners:

_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
Examiner	Signature	Date
_____	_____	_____
Examiner	Signature	Date

Table of Contents

	Page
Table of Contents	i
Acknowledgements	iii
Abstract	iv
List of Acronyms	v
Chapter One: Introduction	1
1.1. Background to the Study	1
1.2. Statement of the problem	5
1.3. Objectives of the Study	7
1.4. The Research Question	8
1.5. Research Methodology and Design	8
1.5.1. Research Method	8
1.5.2. Research Design	9
1.5.3. Method of Data Collection	9
1.5.4. Data Analysis and Interpretation	10
1.5.5. Ethical Consideration	10
1.6. Scope of the Study	10
1.7. Limitations of the study	11
1.8. Significance of the Study	11
1.9. Organization of the Thesis	12
Chapter Two: Conceptual and Theoretical Framework	13
2.1. Definitions and Concepts	13
2. 2. The Theory of Developmental State	18

Chapter Three: Literature Review	21
3.1. The Developmental State in Africa	21
3.2. The Developmental State as Africa’s Way Out of Poverty	24
3.3. Democracy and the Developmental State in Africa: An inter play	26
3.4. The Impossibility Theorem	27
3.5. Botswana – a Successful Developmental State in Africa?.....	29
3.6. The Developmental State in Ethiopia	32
Chapter Four: The state of democratic developmental states in Africa	37
4.1. Challenges of building a developmental state in Africa: a comparative analysis of Botswana and Ethiopia	40
4.1.1. Committed leadership.....	40
4.1.2. Effective and Autonomous Bureaucracy	43
4.1.3. National development planning	47
4.1.4. Social policy.....	48
4.1.5. Institutional capacity	51
Chapter Five: Prospects of building a developmental state in Africa.....	59
5.1. Lessons to be learnt from Botswana in building a democratic developmental state in Africa.	62
Chapter Six: Conclusions	64
References	
Appendix	

Acknowledgements

My earnest gratitude goes to my Advisor Dr. Tesfaye Tafesse for his valuable comments and advice which contributed a lot to this study. I am also indebted to my key informants who were willing to participate in the study and expressed their view.

Abstract

Like most human institutions – the family, the village, the city, the state, customs, laws, the – nation – developmental state was born long before anybody thought of naming it. However, it is the success of South East Asian countries in the 1970s and 1980s that became its reference point. There has been a wide spread skepticism about the prospect for the emergence of viable developmental states on Africa. While acknowledging the multi-dimensional capacity weakness of the post-colonial African states as a major source of the continent’s current under development, proponents argue that there is enough reason to adopt a developmental state model. Of those countries outside of Asia that have recorded phenomenal levels of economic growth, it has been the so-called developmental state of Botswana that have performed well. However in the Ethiopian context the term is increasingly being used only in recent times. The interest in constructing a developmental state has its own challenges and lack of committed leadership, absence of autonomous and effective bureaucracy, ineffective national development planning and social policy and institutional capacity deficiency are the major ones in Africa. In Ethiopia, there are notable changes brought about by the developmental state model. However, when compared to Botswana; a success story in Africa since the 1970s, the Ethiopian developmental state encounters many challenges and can draw lessons from Botswana. This study explores the challenges and prospects of building a developmental state in Africa by comparing Botswana and Ethiopia.

List of Acronyms

AAU	Addis Ababa University
BDP	Botswana Democratic Party
CPI	Corruption Perception Index
ECA	Economic Commission for Africa
ERA	Economic Report on Africa
EPRDF	Ethiopian People’s Revolutionary Democratic Front
FEACC	Federal Ethics and Anti-Corruption Commission
GDP	Gross Domestic Product
GNI	Gross National Income
GTP	Growth and Transformation Plan
HDI	Human Development Index
IFIs	International Financial Institutions
IIAG	Ibrahim Index on African Governance
IMF	International Monetary Fund
ISI	Import Substitution Industrialization
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MoFED	Ministry of Finance and Economic Development
NDP	National Development Plan
NICs	Newly Industrialized Countries

PRSP	Poverty Reduction Strategy Paper
SAPs	Structural Adjustment Programs
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Program
WB	World Bank
WTO	World Trade Organization

Chapter One: Introduction

1.1. Background to the Study

“Like most human institutions; the family, the village, the city, the state, customs, laws, the nation- the developmental state was born long before anybody thought of naming it” (Bagachi, 2000: 398). The first developmental state in our sense to emerge since the sixteenth century was that of the northern part of the Spanish Netherlands which, after the re conquest of the southern part by Spain, evolved into today’s Netherlands (Ibid: 399).

The practice of developmental state was acknowledged since the sixteenth century in the Netherlands, Britain and Germany (Ibid). However, although the concept of the developmental state preceded the successful development story of the South East Asian countries, it is their success that has become its reference point (Cummings, 1999 cited in Musamba, 2010: 11). And it rises to the top of development discourse, following the remarkable economic performance and rise to emerging economies status by a number of South East Asian countries in the 1970s and 1980s, through strong state-intervention measures (ECA, 2013: 2).

According to Bagachi, (2000: 398) the developmental state has been described variously as:

One that places economic development as the top priority of government policy, and which is able to design effective instruments to promote such a goal. The instruments include the establishment of well-functioning formal institutions; weaving of formal and informal networks of collaboration among citizens and officials; and the utilization of new opportunities for trade and profitable production.

It has also been characterized as a state that promotes macro-economic stability, as well as establishes an institutional framework that provides law and order, effective administration of justice and peaceful resolution of conflicts, ensures property rights and appropriate infrastructure investments, and advances human development (Mkandawire, 1999 and 2010, cited in ERA, 2011: 96).

States and their political economy matter for social and economic development, for political economy factors and their social underpinnings lie at the heart of why some states function better than others (Fritz and Menocal, 2006: 1). The establishment and functioning of a developmental

state in African countries as to Kieh, could lead to a renaissance in terms of socio-economic development and human security (Kieh, 2011 cited in ECA, 2013: 4). Thus, if today's underdeveloped countries are to provide decent standards of living to their citizens, construction of viable developmental states, consciously integrated with other similarly placed developmental states, will have to remain high on their agenda (Bagachi, 2000: 436).

International thinking on the role of the state in development has undergone several changes over the past 50 years. After the end of World War II, with the emergence of newly independent states in Africa and Asia, the international community embraced a state-led model of development intended to bring about industrialization and entrepreneurship through intensive and deliberate effort and state intervention. And as a result, state-led development was encouraged and supported by the international community during the 1950s and 1960s, while it was criticized as inefficient and distorting in the light of growing debt and macroeconomic instability, especially in Africa during the 1970s and early 1980s. After the 1980s, the implementation of structural adjustment programs (SAPs)¹ and market-oriented reforms were put into practice as part of the Washington Consensus²; however the role of the state in development was re-evaluated based on the successful experiences of state-led development in several Asian countries emerging since the mid-1990s (Fritz and Menocal, 2006: 2-3).

This new thinking was based in large part on the recognition that there has been a very different experience of state-led development in a number of Asian countries, especially in East Asia (Deyo 1987 cited in Fritz and Menocal, 2006: 3). Over a period of 30 years, the so-called Asian

¹SAPs were programs initiated by International Financial Institutions during the 1980s to promote a fundamental restructuring of the economies of countries ploughed by chronic trade and budget deficits through increased funding and technical assistance for structural adjustment. They demanded the dismantling of the state and privatization of economic activities. However, they led to increased hardship for the poor, worsened income inequalities, intensified poverty and in some instances reversed benefits of earlier economic progress.

² By the early 1980s, a growing coalition of reform-minded academics, policymakers and political elites was calling for the abandonment of the state-led model of development and a return to a market-based economy. The international assistance community, led by the IMF and the World Bank, embraced a set of neo-liberal economic policies that converged in what came to be known as the Washington Consensus. At the core of this thinking was an insistence that aid-recipient countries adopt structural adjustment programs designed to reduce the size and reach of the state. Instead, these countries should rely on the market as the most effective mechanism for allocating resources and promoting economic growth. Key recommendations included eliminating government controls, promoting trade liberalization, and fostering a greater role for the private sector in the economy (Fritz and Menocal, 2006: 2).

Tigers, which include Hong Kong, Singapore, South Korea and Taiwan, underwent rapid economic growth and a radical socioeconomic transformation, moving from being poor agrarian societies or city states in the 1960s to producers of high technology and high value-added goods by the 1990s (ibid).

Since the end of the 1990s, accelerated development has spread further in Asia by including the Indian sub-continent along with China and Vietnam. The 1997 World Development Report that was dedicated to rethinking the state reaffirmed the position that the state is central to economic and social development (Fritz and Menocal, 2006: 3, ECA, 2013: 1 and Basiru, 2011: 173). Since then, there has been a growing awareness that the orientation and effectiveness of the state is the critical variable explaining why some countries succeeded while others failed in meeting development goals. In 2005, the Report of the Commission for Africa reflected this thinking, recognizing state capacity and effectiveness as a key bottleneck in Africa's ability to meet the Millennium Development Goals (MDGs)³(Fritz and Menocal, 2006: 3).

According to Weiss and Hobson, the current neo-liberal understanding of economic development is highly problematic, particularly its attack on state involvement in the economy. Of those countries in Africa that have recorded respectable levels of economic development, it is precisely the developmental state of Botswana that have performed well. Indeed, the example of Botswana contradict the orthodox accounts of how development is best pursued, suggesting that retaining a competent and efficient state structure, rather than dismantle it as SAPs demand, is the key to future development (Weiss and Hobson cited in Taylor 2003: 37) .

However, this is not to say that Botswana's development path has been unproblematic. The country has immense levels of inequality and poverty (ibid). Unlike other success stories, such as those in Asia and Mauritius in Africa, a story of good governance and long period of sustained rapid economic growth in Botswana has not translated itself into a significant degree of socio-economic transformation as reflected both in the country's over-dependency on one mineral,

³At the Millennium Summit held in 2000, a commitment was made by more than 147 head of states to a common set of principles and targets that would bring all peoples to a minimum acceptable standard of development by the year 2015. Such commitment, enshrined in the adoption of 8 goals; Eradicate extreme poverty and hunger by 2015, Achieve universal primary education by 2015, Promote gender equality and empower Women, Reduce child mortality, Improve maternal health, Combat HIV/AIDS, malaria and other diseases, Ensure environmental sustainability and Develop a global partnership for development (MoFED, 2006).

diamonds, and high unemployment/poverty levels (Maipose, 2003: 1). This does not however eclipse elements within Botswana's post-independence history that other African states may take on board (Taylor, 2003: 37).

Botswana is taken as an illustration of a state that has pursued certain policies in the construction of what might be regarded as a developmental state, a state that pursues policies that co-ordinates investment plans; has a national development vision; implying that the state is an entrepreneurial agent; engages in institution building to promote growth and development; and finally plays a role in domestic conflict management (Chang, cited in Taylor, 2002: 1). In contrast to African states, it has not been affected by the development crisis that is compounded by an often profound weakness in the capacity of the state to promote development (Brautigam, cited in Maipose, 2003: 1). The institutional context of rapid growth in Botswana that is a multiparty democratic system of government also offers a sharp and refreshing contrast to authoritative/undemocratic regimes elsewhere in China and the East Asian tigers which did not have a history of democratic systems of government in the first place until quite recently (Maipose, 2003: 1).

According to Ethiopian government reports, Ethiopia has achieved encouraging development results, maintaining an economic growth rate of 11 % for the last five years (UNDP, 2012: 1). It has also been reported that the country has come to enjoy the fastest improvement in the Human Development Index (HDI) among Least Developed Countries (LDCs). Moreover, it is determined to accelerate and maintain this development result while strengthening its democratic agenda. It has set for itself a challenging goal of becoming a “democratic developmental state” seeking to create a middle income society and a green economy by 2025 (ibid).

The establishment of a developmental state of Ethiopia happened to be a reaction to a failed ideology of neo-liberalism which is strongly promoted by western countries and their extensions, international organizations, to instill in African countries (Befekadu, 2013). According to Tesfaye, the state is strongly committed to playing a big role in keeping the economy competitive and close to the leading edge in the global development of knowledge and technology by pursuing a democratic developmental state, akin to the current experiences of similar developmental states such as, Botswana, South Africa, and Mauritius (Tefaye, 2010).

1.2. Statement of the problem

The ability of some states to harness their human, material and other resource endowments and to create wealth more efficiently than others has been presented as a partial explanation to the differences in economic growth and development (Fuguyama, 2007 cited in ECA, 2013: 1). Against this background, the role of the state in the development process has been acknowledged and has been the subject of academic and policy debates for decades, particularly with regard to developing regions of the world, including Africa (ECA, 2013: 1).

According to the United Nations Economic Commission for Africa (UNECA), there are no direct answers to questions such as, why do developmental states matter? Are they an end or a means to a further end? What are the advantages of the developmental state? Are these advantages apparent? What are they? However, there is an emerging consensus that a developmental state is central to the process of accelerated growth and social transformation of any country (UNECA, 2011 cited in UNDP, 2012: 10). Such a state, as to Bagachi, helps create a new form of collaboration between officials and citizens that can be utilized for forging new opportunities for trade and profitable production (Bagachi, 2000: 398).

For Africa, the various international financial institutions have argued that African states lack the capacity to pursue policies similar to the developmental states of East Asia, whilst being far too vulnerable to conferred interests in the political realm. Known as the “impossibility thesis”, African states that remained in the business of guiding development threatened to bring disaster and had to be reined in by SAPs (Taylor, 2003: 1, Mkandawire 2001 cited in Musamba, 2010: 30). Elites in Africa have frequently taken on board such advice and have come to believe that a minimalist role for the state is required, whilst recognizing the problematic nature of a great deal of African state formations. However, in general, liberalization and state rollback has been similarly doubtful (Taylor, 2003: 1). It is thus extremely important to challenge the thesis that state involvement inevitably leads to economic decline and that developmental states in Africa are impossibility. Examples do exist in Africa that contradicts to a large degree this position. Botswana is one such case (Ibid).

African countries are now routinely experiencing high rates of economic growth. Most of this growth, however, is occurring within an untransformed economic structure, reproducing in many

respects the pattern countries inherited at independence (Amoako, 2011 cited in Booth and Mutebi, 2014: 3). And these observations provide one possible starting point in thinking about what should count as a developmental regime in Africa today (Booth and Mutebi, 2014: 3). A regime should qualify as developmental on the basis of its economic and social policies:

A developmental regime would be one that is actively promoting and supporting a productivity revolution in agriculture and/or pursuing a deliberate industrial policy with a view to building capabilities and acquiring new comparative advantages for exploitation within regional or global markets (Ibid).

While a few African countries, such as Botswana, by virtue of their remarkable state-led economic development, are increasingly described in the literature as developmental states, they are still only the exception and not the rule in Africa (ECA, 2013: 5). In the context of Ethiopia, the term is increasingly being used only in recent times (Tesfaye, 2010). However, the Ethiopian People's Revolutionary Democratic Front (EPRDF) led regime in Ethiopia has made a qualitative leap in the direction suggested by successful Asian states and is visibly driving forward a process of national development (Booth and Mutebi, 2014: 2). And have committed itself to the goal of building a democratic developmental state. Moreover, the specific implications of this commitment have been clear for Ethiopia (Meles cited in Booth and Mutebi, 2014: 2). But according to Booth and Mutebi, (2014: 2) what exactly constitutes a developmental state or regime remains to be settled.

Previous studies conducted on the developmental state in Africa focused on; the challenges and prospects of the developmental state in Africa (Meyns and Musamba, 2010), the African developmental state and the global accumulation crisis (Basiru, 2011), the developmental state and its options for Africa (ECA, 2013) and how the international system hinders the consolidation of developmental regimes in Africa (Booth and Mutebi, 2014). Botswana is considered as a democratic developmental state in Africa since the 1970s and there are many studies conducted on the success of Botswana as a developmental state, such as, Botswana as a developmental state and the politics of legitimacy (2002) and Botswana as a developmental state (2003) by Taylor, economic development and the role of the state in Botswana by Maipose (2003), and Botswana a developmental state in Africa by Meyns (2010). However, all the literature on the developmental state in Botswana does not consider Botswana as a success story. i.e. (Hillbom, 2011) studied why Botswana cannot be considered as a developmental state. As to

her Botswana has a long way to go before it is economically and socially developed and causes of concern have been diamond dependency, unequal distribution of resources, lack of economic diversification and the like.

In Ethiopia, since the concept of a developmental state is an emerging phenomenon, the studies available are few when compared to Botswana. However, there are some studies conducted by researchers and international organizations. Some of the literature available are critics to or reflections on the dissertation proposal entitled “African development: dead ends and new beginnings” by the late prime minister of Ethiopia, Meles Zenawi (Tsehai, 2009), (Habtamu, 2011) and (Gelawdios, 2006). Other studies focused on the challenges of the developmental state in Ethiopia such as, rent seeking (Befekadu, 2013), democratization (Tesfaye, 2010 and UNDP, 2012), and ethnic federalism (Samuel, 2011). There is also a study that assesses the Ethiopian developmental state based on the attributes of the Malaysian developmental state (Assayehegn, 2012). Hence, the relevance of this study lies in making a contribution to the understanding of the challenges and prospects of building developmental states in Africa, particularly in Ethiopia by comparing it with Botswana; a success story in building a developmental state in Africa since the 1970s through an exploratory method using in depth individual interview with purposefully selected informants since there is an existing gap in the literature.

1.3. Objectives of the Study

The objective of this study is to explore the challenges and prospects of building a developmental state in Africa by comparing Botswana and Ethiopia.

The specific objectives of the study are:

- To examine whether the developmental state is the most appropriate state form to eradicate poverty and bring economic growth in Africa.
- To assess the feasibility of building a developmental state in Africa by using the characteristics and / or experience of Asian developmental states as a benchmark.
- To investigate the transferability of the developmental state model.
- To examine the compatibility of the developmental state with democratic forms of governance in Africa.

- To provide suggestions on how to draw lessons to be learnt from Botswana in building a developmental state in Africa, since the former is considered as a success story in building a developmental state in Africa.

1.4. The Research Question

To achieve the aforementioned objective, one main research question and other related sub questions are posed.

Over all Research Question: What are the challenges and prospects of building a developmental state in Africa?

Sub- questions:

- Can the developmental state pull out Africa from poverty?
- Is building a developmental state feasible in Africa? And can the developmental state model be transferred to Africa?
- Are the developmental state and democratic forms of governance compatible in the African context?
- What lessons can be learnt from Botswana in building a developmental state in Africa?

1.5. Research Methodology and Design

1.5.1. Research Method

Much of social research is conducted to explore a topic, that is, to start to familiarize a researcher with a topic. This approach typically occurs when a researcher examines a new interest or when the subject of a study is relatively new (Babbie, 2010:92). The concept of a developmental state is not a new phenomenon in the world, since it existed in the fifteenth and sixteenth century in Europe. However, it is an emerging concept in Africa and much particularly in Ethiopia. This study explores the challenges and prospects of building developmental states in Africa through comparing Botswana and Ethiopia in order to provide insights in to the issue and gain better understanding.

1.5.2. Research Design

Qualitative research is a research that provides an in-depth and interpreted understanding of the social world of research participants by learning about their social and material circumstances, their experiences, perspectives and histories. The data collection methods involve close contact between the researcher and the research participants which are interactive and developmental and allow for emergent issues to be explored. The out puts of the research tend to focus on the interpretation of social meaning through mapping and representing the social world of research participants (Ritche and Lewis, 2011: 5). This study is a comparative study among Botswana and Ethiopia and largely relied on or employed qualitative methodology by qualitatively interpreting interviews and examining texts.

1.5.3. Method of Data Collection

In conducting a research, the selection of appropriate data collection instruments is crucial. In this study, qualitative data through in- depth individual interview with selected participants and from documents, such as, books, research papers, articles, journals, annual reports and government reports is gathered. In addition, some numerical data such as economic growth rates, HDI rankings, corruption perception indices, governance indicators and the like are collected from annual reports.

Three individual interviewees for the study are selected from Addis Ababa University and one interviewee from Government Communication Affairs Office through purposeful sampling based on their knowledge of the subject matter, political party membership and availability to gain optimal insight from the in-depth information that is provided by informants about the challenges and prospects of building a developmental state in Africa. In order to gather relevant information for the study, interview guide which is attached in the annex is prepared based on the research questions and objectives of the study that enabled informants of the study to elaborate and reflect on the subject matter widely.

In the study, the major objective of the study; exploring the challenges and prospects of building a developmental state in Africa through comparing Botswana and Ethiopia is addressed by reviewing the literature and conducting an in-depth individual interview with selected informants

The specific objectives of the study, which are examining whether the developmental state is the most appropriate form to eradicate poverty in Africa, assessing the feasibility of the developmental state model in Africa, examining the transferability of the developmental state model to Africa, investigating the compatibility of the developmental state with democratic governance in Africa and providing suggestions on how to draw lessons to be learnt from Botswana to Africa in building a developmental state are addressed mainly through summarizing secondary data sources or in the literature review section of the study. In addition, they are also addressed to some extent by analyzing and interpreting the interview conducted with informants of the study.

1.5.4. Data Analysis and Interpretation

The analysis and interpretation of the data is based on the information provided by informants of the study. In addition to the views of informants, documents are analyzed and interpreted so as to strengthen and elaborate on the information obtained from the participants. Findings of the study are thematically identified and discussed by comparing the results from the analysis of data obtained from the secondary and primary sources.

1.5.5. Ethical Consideration

In order to assure the integrity of the research and dignity of the interviewees, the study adopted some ethical standards. The individual interviewees are informed about the purpose of the study and why they are included in the study and their consent to participate in the study was requested.

Further, the information provided by informants is analyzed and presented without any distortion and misinterpretation. In addition, all the materials that are cited or quoted in the study are acknowledged properly.

1.6. Scope of the Study

This study is an exploratory research on the challenges and prospects of building a developmental state in Africa by comparing Botswana and Ethiopia. Thus, the literatures reviewed are only those that focus on the developmental state in Africa, particularly on Botswana and Ethiopia. Literatures on developmental states outside Africa are not given much

emphasis. Moreover, since the study has to be narrowed in scope so that it becomes feasible, it is limited on the comparison of Botswana and Ethiopia.

The study largely employed qualitative research approach since it is exploratory and tried to provide deep insights in to the subject matter and give some indications as to what challenges and prospects are faced by African states in building developmental states through in-depth individual interviews and review of available secondary data. Thus, quantitative research design and methods are not used in the study for quantitative approach is not as suitable as qualitative approach to explore a phenomenon through in- depth interview.

The informants for the in- depth interview are selected purposefully based on their expertise, experiences and political party membership from Addis Ababa University (AAU) and government office in order to gather the relevant information for the study. So that the views of ordinary people both from Botswana and Ethiopia is not included in the study for they cannot provide deep insights about the developmental state in Africa. Thus, more or less the study depended on elite interview.

1.7. Limitations of the study

The study encountered some challenges during data collection. There were many academicians, a governmental organization, the Ministry of Finance and Economic Development (MoFED), an international organization, the UNECA, and Botswana Embassy in the list of key informants. However, only four informants, three from AAU and one from the Government Communication Affairs Office are interviewed. The attempt to incorporate the views of the MOFED, UNECA and Botswana Embassy didn't succeed due to reluctance. Hence, the study relied on the views of the four key informants in addition to the reviewed literatures.

In addition, although the notion of a developmental state is not new to the world, the concept is relatively new and emerging in Africa and particularly in Ethiopia. As a result, there are a limited number of books and studies available.

1.8. Significance of the Study

The findings of this study are hoped to be useful in many ways. This study aims to make a modest contribution to the understanding of the challenges and prospects of building a

developmental state in Africa and thus to provide a significant insight in to the concept of the developmental state in Africa.

It attempts to fill the gap that exists in the literature from the absence of similar studies conducted by scholars that explore the challenges and prospects of the developmental state in Africa through a comparative study. Further, the study offers additional information that could be used by researchers, academics and governmental organizations in their effort to understand the challenges and prospects of building developmental states in Africa.

Lastly, this study can be used as a preliminary research input by researchers to conduct further research in the field of developmental state in Africa.

1.9. Organization of the Thesis

The above introductory chapter is followed by five chapters. The second chapter is the examination of theoretical debates and conceptual frameworks on developmental state. Chapter three discusses the developmental state in Africa in general and in Botswana and Ethiopia in particular. Chapter four examines the challenges of building a developmental state in Africa. And chapter five examines the prospects of building a developmental state in Africa. The last chapter makes a conclusion to the study.

Chapter Two: Conceptual and Theoretical Framework

2.1. Definitions and Concepts

According to Mkandawire, the developmental state has two components; one ideological and one structural. It is this ideology-structure nexus that distinguishes developmental states from other forms of states. In terms of ideology, a developmental state is essentially one whose ideological foundations is developmentalist in that it perceives its mission as that of ensuring economic development, usually interpreted to mean high rates of accumulation and industrialization (Mkandawire, 2001: 290). Such a state establishes as its principle of legitimacy its ability to promote sustained development, understanding by development the stable high rates of economic growth and structural change in the productive system, both domestically and in its relationship to the international economy (Castells, 1992 cited in Mkandawire, 2001: 290). At the ideological level, the elite must be able to establish an ideological hegemony, so that its project becomes, a hegemonic project to which key actors in the nation adhere voluntarily (Mkandawire, 2001: 290).

The state-structure side of the definition of the developmental state emphasizes capacity to implement economic policies wisely and efficiently. Such a capacity is determined by various factors –institutional, technical, administrative and political. It is usually assumed that such a state should be a strong state in contrast to a soft state that had neither the administrative capacity nor the political ability to push through its development project. And the state must have some social attachment that prevents it from using its autonomy in a predatory manner and enables it to gain adhesion of key social actors (Ibid).

There is no generally agreed definition or theory of the developmental state, scholars define and describe the term in various ways. Chalmers Johnson defines a developmental or plan-rational state from an interventionist perspective as:

One that is determined to influence the direction and pace of economic development by directly intervening in the development process, rather than relying on the uncoordinated influence of market forces to allocate economic resources. (Johnson, 1982 cited in Musamba, 2010: 13).

Chang from an institutional perspective defines a developmental state as:

One that pursues policies focused on coordinating investment plans; has a national development vision; engages in institutional building to promote growth and development; and plays a critical role in resolving the conflicts that arise out of reactions and counteractions to the development trajectory between winners and losers. Central to this, the state must be capable of providing a vision for society and create new institutions required to achieve this vision. (Chang, 1999 cited in Musamba, 2010: 18).

And Adrian Leftwich from political perspective defines developmental states as:

States whose successful economic and social development performance illustrates how their political purposes and institutional structures especially their bureaucracies have been developmentally-driven, while their developmental objectives have been politically-driven. Each sustained an annual average increase in its GNP of 4%, or more, during the last third of the 20th century.”(Leftwich, 2008: 12).

As noted by Leftwich, there are various forms of these developmental states; some have been autocratic (such as the Republic of Korea and Taiwan Province of China), some democratic (such as Botswana and Singapore); some have been run by dominant single parties (Botswana and Singapore) and others by shifting coalitions (Mauritius) (Leftwich, 1998 cited in Leftwich, 2008: 12).

According to Mkandawire, the definition of the developmental state runs the risk of being redundant, since evidence that the state is developmental is often drawn deductively from the performance of the economy. This produces a definition of a state as developmental if the economy is developing, and equates economic success to state strength while measuring the latter by the presumed outcomes of its policies. It has led to biased concentration of analysis around success to the neglect of the trial and error nature of policy making even in the most successful cases. The definition must include, situations in which, exogenous structural dynamic and unforeseen factors can ruin genuine development commitments and efforts by the state as happened recently in some of the most successful Asian developmental states. Just as factors other than the state have accounted for success, so can these factors account for economic failure. This allows room for poor performance due to exogenous factors, miscalculations or bad luck. At times, governments political will and technical capacity may simply prove inadequate to fend off exogenous forces (Mkandawire, 2001: 290-291).

In Africa, we have many examples of states whose performance until the mid-1970s would have qualified them as developmental states in the sense conveyed by current definitions, but which now seem anti developmental because the hard times brought their economies to a halt (Ibid). Recognition of incidents and possibilities of failure leads us to a definition of a developmental state as:

One whose ideological underpinnings are developmental and one that seriously attempts to deploy its administrative and political resources to the task of economic development. Proxies such as tax efforts and public expenditure patterns can be used to measure such seriousness. The main forces behind the developmentalist ideology has usually been nationalism inducing nations to seek to catch up with countries considered as more developed, to secure the resource base for national defense and security etc. (Ibid: 291).

Development, whether fast or slow, is a transformative process (Stiglitz, 2003 cited in Leftwich, 2008: 10). It is inescapably about change; economic growth, social transformation and political transition. And, in practice, it is commonly a radical and turbulent transformation which is concerned with often far-reaching change in the structure and use of wealth and power, and which if successful must transform it. That makes it essentially political and potentially deeply conflictual and where it entails redistributive elements, it is even more so (Leftwich, 2008: 10).

politics consists of all the activities of cooperation, negotiation and conflict in decisions about the use, production and distribution of resources, then the politics of development is about changing not only how resources are used, produced and distributed, but also about how decisions are taken about such changes and about the politics which sustain, implement and extend them. The political nature of development, therefore, can be summed up in two simple propositions; (a) When people change the way they use, produce and distribute resources, they also change their (social and political) relations – relations of power - with each other; and (b) When people change their political and social (power) relations with each other, they usually change the way they use, produce and distribute resources (Ibid).

According to Leftwich, Reduction of poverty in recent and contemporary history has generally been attributable to two processes; economic growth which creates opportunities and jobs, and political processes which develop and sustain institutional arrangements that provide both safety nets and redistributive provision. Neither has been possible without direct intervention and action by effective states and both have only occurred quickly where such states have not only been

effective but developmental (ibid: 4). Politics have to be brought back in, centrally, to the analysis and promotion of pro-poor development and welfare regimes (Ibid). If we do not understand the politics which determines how these processes of growth and distribution are brought about or hindered we will continue, in vain, to look for missing links (Grootaert, 1998 cited in Leftwich, 2008: 4).

As stated by Leftwich, poverty reduction is ultimately a function of state formation and state capacity; state formation and capacity is essentially an institutional matter; and the design and maintenance of such institutions is essentially a political matter (Leftwich, 2008: 17). And as to Chang and Evans, the developmental state is one of the institutions that have played the most dramatic role in reshaping relative national trajectories of economic growth in the late 20th century and is a classic example of how institutions make a difference to economic change (Chang and Evans, 2000: 2).

States, being human institutions, have been molded by the particular ways in which human beings have sought to construct them. There are two extreme views about the scope of state authority. The minimalist view of the state would confine its action to some functions that cannot possibly be carried out by any other entity than the state. The other view would want the state to take up the task of both economic and human development of all its citizens (Bagachi, 2003: 1). A minimalist state often builds on the foundations of a developmental state, a state which has helped in the building up of the standard of living of the people, including their health and education through interventionist policies. A minimalist state without such functions is likely to be faced with civil strife which may break out into secessionism and terrorism. Such strife may also break out when a developmental state abandons its agenda midway and switches over to a minimalist stance without building up the resources of a substantial section of the people to continue on their expected trajectory of human development (Ibid: 3).

Once a developmental state reaches a certain level of development, as Japan, Korea, Taiwan and Singapore did, one can argue for liberalization, not however pretentiously, as a remedy to the underdevelopment of the world, but for its own internal interest to create conditions for wealth expansion (Bolesta, 2007: 107). Johnson also strengthens this argument by stating that a state attempting to match the economic achievements must first adopt the same priorities as Japan. It must first of all be a developmental state – and only then a regulatory state, a welfare state, an

equality state, or whatever kind of functional state a society may wish to adopt (Johnson, 1982 cited in Musamba, 2010: 13).

Three basic requirements; abolition of exercise of non-market coercion by private groups, universalization of literacy and nationalism are necessary for any polity to emerge as a developmental entity (Bagachi, 2003: 3). According to Bolesta, it seems hardly possible to achieve extensive developmental goals in an environment where authorities have very limited power in directing investment, regulating its intensity and influencing institutions, companies and communities so that they follow a certain overall development strategy. A neo-liberal economic model seems to have a number of shortcomings in this respect which hinder fast development in developing countries (Bolesta, 2007: 106).

Chang states that this is due to the fact that it does not take into consideration that for developmental purposes there has to be a limit in liberalization and depolarization of an economy (Chang, 1999 cited in Bolesta, 2007: 106). He points out that politicizing certain economic decisions may not only be inevitable, but also desirable, because the world is full of assets with limited mobility and owners who are naturally determined to prevent changes that threaten their current positions. He also underlines that the most important insight from early development economics was that systemic changes need coordination and successful coordination requires a state which has the necessary tools to deal with the burden, and is not merely the guardian of certain freedoms (Ibid).

Moreover, the so called global economy is by no means liberal. There still are many trade barriers, hence the need for World Trade Organization (WTO) negotiations, as well as powerful forces such as governments of large economies and international corporations, which simply influence, for example, prices of goods, by following certain policies (ibid: 107). Developmental states, thus, must comply with the international conditionality and work out their own position in the global economy. It cannot be achieved without a strong state, legally able to influence the directions of development (Bolesta, 2007: 107).

Attempts to dismantle the state or make it wither away risk perverse consequences. Communist revolutionaries who fought to install a system that would lead to the state's withering away ended up constructing state apparatuses more powerfully repressive than those of the age of

absolutism. Eager calls for the dismantling of the state by late-twentieth century capitalist free marketers served to disrupt the state's ability to act as an instrument of distributive justice, but not to reduce its overall importance (Evans, 1995: 4). From the poorest countries of the Third World to the most advanced exemplars of welfare capitalism, one of the few universals in the history of the twentieth century is the increasingly pervasive influence of the state as an institution and social actor. States remain compulsory associations claiming control over territories and the people within them (ibid).

Making war and enforcing internal order are classic roles, shared by ancient and modern states. In modern times, a third role has increasingly stolen the attention. As political survival and internal peace are more often defined in economic terms, states have become responsible for economic transformation. As they become increasingly involved in economic transformation, states increasingly look at the international system not just as a system of sovereign political entities but also as a division of labor. The connection between internal accomplishment and external context becomes intimate and direct. The very possibilities and criteria of economic transformation depend on the international division of labor. Transformation is inescapably defined in global terms (ibid: 5-6).

Thus, debates about how much states intervene have to be replaced with arguments about different kinds of involvement and their effects. In the contemporary world, withdrawal and involvement are not the alternatives. State involvement is a given. The appropriate question is not how much but what kind (ibid: 10).

2. 2. The Theory of Developmental State

A series of prevailing errors in much of developmental theory and practice, on left and right, has characterized much of our thinking over the last 40 years, with each error somehow compounding the others (Leftwich, 2008: 3). At the root of most of these errors have been our failure to recognize the centrality, if not the primacy, of politics and of political processes both internal and external, and their interaction in shaping state goals, capacity and developmental outcomes (ibid). Cummings, describes the theory of developmental state as the explanation for the East Asian industrialization (Cummings, 1991 cited in Bolesta, 2007: 105). According to Johnson, it is shorthand for the unified network of political, bureaucratic, and moneyed

influences that structures economic life in Northeast Asia (Johnson, 1982 cited in Bolesta, 2007: 105).

Chang argues that, economic development requires a state which can create and regulate the economic and political relationships that can support sustained industrialization or in short, a developmental state (Chang, 1999 cited in Bolesta, 2007: 106). The introduction of developmental state theory into the state ideology means, in real terms, a departure from a neo-liberal economic ideology and a drift towards state interventionism. It seems, however, that this interventionism does not handicap socio-economic development but it supports developmental trajectory (Bolesta, 2007: 106). Its roots, according to Bolesta, are drawn from the theory of mercantilism advocating intervention of the state in the economy. And positioning the theory of developmental state between a liberal open economy model and a centrally planned model suggests its being neither capitalist nor socialist in texture (Bolesta, 2007. p. 105-106)

According to Onis, Structuralist development theory had been the prevailing orthodoxy during the 1950s and early 1960s. A central idea associated with structuralism was the belief that market failure is a pervasive feature of the underdeveloped economy with the consequence that the state has an important role to play in correcting it (Onis, 1991: 109).

In contrast, the neoclassical theory which can be traced back to the late 1960s and early 1970s, dominated development theory and policy for decades and have been thoroughly dominated by the neoclassical paradigm and neoliberal economic measures that are closely identified with it. It attacked structuralism on three separate grounds. First, extensive state intervention to promote import-substituting industrialization had generated inefficient industries, requiring permanent subsidization for their survival with little prospect of achieving international competitiveness. Second, extensive government intervention tended to generate rent seeking on a substantial scale, which detracted the attention of economic agents from productive activities into lobbying for increased allocations of government subsidies and protection. Third, and most significant, empirical evidence on the experience of the most successful countries to emerge from the Third World, namely the four East Asian countries, Taiwan, South Korea, Hong Kong, and Singapore, showed that these countries achieved extraordinary rates of economic growth, which moreover had been consistent with a relatively egalitarian distribution of income. The unique performance

of these economies had been generated by using an outward-oriented model driven by market incentives and a strong private sector (Ibid).

What we are now witnessing is the emergence of a counter critique of the neoclassical paradigm based on the reinterpretation of the East Asian development experience which seeks to refute the neoliberal vision of East Asian growth in terms of the economic benefits of trade liberalization, private enterprise, and a restricted role for the state. The central thesis associated with the newly emerging counter critique, which we might classify as broadly institutionalist, is that the phenomenon of late development should be understood as a process in which states have played a strategic role in taming domestic and international market forces and harnessing them to national ends. Fundamental to East Asian development has been the focus on industrialization as opposed to considerations involving maximizing profitability on the basis of current comparative advantage. In other words, market rationality has been constrained by the priorities of industrialization. The key to rapid industrialization is a strong and autonomous state, providing directional thrust to the operation of the market mechanism where the market is guided by a conception of long-term national rationality of investment formulated by government officials. It is the synergy between the state and the market which provides the basis for outstanding development experience (Ibid: 109-110).

Moreover, the institutionalist perspective attempts to transcend the structuralist development economics which downplayed the key role of markets in the industrialization process. Similarly, it attempts to transcend the subsequent neoclassical resurgence which rapidly moved to the opposite extreme and interpreted all successful industrialization episodes as the outcome of free markets, with the necessary corollary that the domain of state intervention in the economy had to be restricted as far as possible (ibid). At a very crude level, to propose market-oriented and state-led development as alternatives is simply ahistorical and misleading. All successful cases of late industrialization have been associated with a significant degree of state intervention. The problem, therefore, is to find the appropriate mixture of market orientation and government intervention consistent with rapid and efficient industrialization (Ibid).

Chapter Three: Literature Review

3.1. The Developmental State in Africa

The discourse on the developmental state in Africa has, for many years, moved in two major directions (ECA, 2013: 3). The first on the feasibility and viability of establishing developmental states in Africa. And the second direction of the discourse has focused on what form and shape Africa's imagined developmental states should take; the autocratic Asian type developmental model or the democratic developmental model (Ibid).

There has been widespread skepticism about the prospects for the emergence of viable developmental states on the continent, arising from the poor record of state-led development efforts embarked upon by a number of immediate post-independence African governing elites whose primary agenda was the pursuit and consolidation of personal power. Who therefore used state intervention in the economy as an instrument to facilitate the accumulation of wealth by the governing elite (Ake, 1996 cited in ECA, 2013: 4). More significantly, according to the Economic Commission for Africa (ECA), failure of the development-state projects that were pursued at independence can be explained by absence of genuine development oriented leadership with sustainable visions of development; lack of autonomous and efficient bureaucracy; near non-existence of a production-oriented private sector, partly because of the weakness of indigenous business at the time of independence, but also because of the anti-private sector orientation of the post-independent African State; and the generally predatory character of the post-colonial State that was at absolute variance with the developmental ethos (ECA, 2013: 4).

However, according to the United Nations Conference on Trade and Development (UNCTAD), the necessary ingredients are in place for African countries to tackle their development challenges within the framework of a developmental State (UNCTAD, 2007: 57). Increased domestic resources supplemented by increased aid flows are unlikely to provide an escape route from Africa's underdevelopment without a fundamental shift in policy orientation away from the neoliberal stalemate. And this is perhaps the only means by which Africa could break into manufacturing export, a strategy developed by almost all benchmark countries (Johnson et al, 2007 cited in UNCTAD, 2007: 57).

In the 1940s and 1950s, the notion that the State had to play a central role in improving the welfare of the people and in the structural transformation of the economies of developing countries was stressed by development economists (ECA, 2011 Cited in ECA, 2013: 1). Unluckily, the attempt by many African States to duplicate the experience of the West in order to develop did not materialize. As a result, from the 1960s onwards, many African States were forced to change their development course by adopting the Import Substitution Industrialization (ISI) model, which encouraged the state to use high tariffs and quotas on imports to stimulate domestic production and diversification. However, the state-led ISI model, rather than produce development on the continent produced the opposite effect of constraining self-sustaining industrialization in the African countries that adopted it (ECA, 2013: 1).

In the late 1970s and early 1980s, severe balance-of-payment crises resulting from rising energy prices, combined with declining commodity demands because of the recession in industrialized countries, compelled African States, to choose for inward-looking, economic development model which allocated them a central and primordial role in the development process. During the same period, the International Financial Institutions (IFIs) inaugurated SAPs as rescue packages for the crisis-ridden African economies which represented the first serious challenge to the primacy of the state in Africa's development prospects since the start of African statehood (Ibid).

By the mid-1980s and early 1990s, almost every other African state had adopted one form of SAPs or the other. However, SAPs were more hurtful than helpful to African countries, and that aggregately, they did not produce any meaningful development in the countries that adopted them (ibid). Rather, SAPs exacerbated the crisis of the state in Africa (Mkandawire and Olukoshi, 1995; Adejumobi, 1995 cited in ERA, 2011: 102).

According to the Economic Report on Africa (ERA), the limited state capacity at the birth of African states was weakened as the public sector and public bureaucracy became major targets for state budget cuts, often inspired by SAPs. Moreover, the paradox of SAPs is that, while the state was expected to lead the process of economic reforms, stabilization and transformation, its capacity was dismembered, and it became unable to pursue the reform measures effectively. SAPs frequently held back economic growth and social progress, negating the construction of developmental states. More significantly, the evident anti-state logic of SAPs has been identified as one of their greatest weaknesses (ERA, 2011: 102-103). And, in the post-Washington

Consensus era, the architects of SAPs, the International Monetary Fund (IMF) and the World Bank (WB) have acknowledged the role of the state in economic development and poverty reduction, with regard especially to entrenchment of properly functioning institutions, good governance, responsible leadership, and participatory governance mechanisms (Le Pere and Ikome, 2009 cited in ECA, 2013: 1).

The view that, poor quality of State institutions and lack of good governance were the root causes of economic problems in developing countries became widespread in the late 1990s and the so called governance-related conditionality's began to be imposed by the IMF and the WB which require borrowing countries to adopt better institutions that improve governance (Kapur and Webber, 2000 cited in ECA, 2013: 2). This growing recognition of the role of the state in economic development was most concisely captured in the 1997 World Development Report, which stated that an effective state is vital for the provision of the goods and services and the rules and institutions that allow markets to flourish and the people to leave healthier and happier lives. Without it, sustainable development, both economic and social, is impossible (ECA, 2010 cited in ECA, 2013: 2).

According to ERA, deficiencies observed in previous development strategies derived the need to become a developmental state. Thus, Before African governments can begin constructing developmental states, they need to address several issues, primarily the characterization of an effective developmental state in the African context, the effectiveness of the approach, the potential pitfalls of state intervention, the role of stakeholders, as well as implications for intraregional and continental integration and the continent's external economic relations (ERA, 2011: 118).

Musamba states that nearly all the states in the East Asian region, that later came to be known as developmental states faced either an internal or external threat⁴ in form of political and/or military security issues and similar observations have been made for the developmental states in Africa. Africa, particularly sub-Saharan Africa, continues to experience a persistent development crisis marked by severe inability to address the poverty situation. And this poverty condition

⁴East Asian states were under direct communist threat and that they had to justify their very existence against competition from the communist regimes and associated ideology. Hence, this threat helped them to bolster nationalistic vision and unique commitment to long term transformation of the economy (Onis, 1991: 116).

qualifies as a threat to the continent's development for poverty in Africa has now evolved into a continuous crisis that has consistently compromised the continent's development prospects. In addition, Africa's poverty crisis is worsening at a time when other poor parts of the world are experiencing drastic declines in the levels of poverty. Furthermore, the poverty situation is continuing to worsen in the face of increased international initiatives aimed at reducing poverty, such as the Poverty Reduction Strategy Papers (PRSPs) and the MDGs, even though Africa has been a primary target of these efforts. Therefore, in order to tackle poverty in Africa, a need exists to promote the creation of states that in some respects correspond to the model of a developmental state (Musamba, 2010: 36-37).

3.2. The Developmental State as Africa's Way Out of Poverty

Poverty and underdevelopment in Africa require the intervention of a developmental state (Musamba, 2010: 28). Proponents argue that there is enough reason to adopt a developmental state model while acknowledging the various capacity weaknesses of the post-colonial African State as a major source of the continent's current underdevelopment, (ECA, 2013: 4).

According to Kieh, as African states continue to be overwhelmed by the notions of the human needs deficit, as reflected in mass abject poverty and deprivation, growing unemployment, including the alienation of the youth, and the inadequacy of public education, public health, clean drinking water, and acceptable sanitation, the establishment and functioning of a developmental state in African countries could lead to a "renaissance" in terms of socio-economic development and human security (Kieh, 2011 cited in ECA, 2013: 5). Africanist scholars and African policy institutions also pledge to the emergence of democratic developmental states on the continent, for such states are seen as having the potential to address the two intertwined critical issues of democracy and development that have continued to plague the continent (ECA, 2013: 5).

The recent global economic crisis; stemming from market failure, the rise of China, East Asia and some Latin American countries as newly industrialized nations, and Africa's solid decade-long economic performance have rekindled discussion on the role and nature of the state in the development process (ERA, 2011: 106). With these global developments, the discourse has shifted from whether the state is relevant to development or not, to what kind of state should be

set up to facilitate economic development especially in poor and underdeveloped countries. The emerging consensus is that a developmental state is central to the process of accelerated economic growth and social transformation of any country (Ibid).

Africa is the most underdeveloped region of the world today (Ibid: 103). In 2005, it was estimated that about 73 per cent of the people in sub-Saharan Africa lived on less than two dollars a day (Africa Development Indicators online, 2010 cited in ERA, 2011: 103). According to UNCTAD's projection, Africa is the only region in the world that is unlikely to meet the MDG on halving poverty by 2015 (UNCTAD, 2007 cited in ERA, 2011: 101-103). Thus, African countries clearly need developmental states to promote economic and social transformation. And five major elements are crucial in building them: purposeful leadership and a developmentalist coalition; transformative institutions; focused industrial policy; investment in research; and enhanced social policy (ERA, 2011: 106).

According to ERA, the urgent need for economic transformation and take-off by African countries underscores the importance of building developmental states on the continent. Developmental states, barring external shocks and adverse global conditions, can stimulate rapid economic growth and diversification, technological innovation, industrial development and social welfare in Africa (ERA, 2011:111). There is an emerging consensus that a developmental state is central to the process of accelerated growth and social transformation of any country (UNDP, 2012: 10). To most of the African countries that experimented with a form of developmental state in the aftermath of decolonization but faced a downturn before diversifying and transforming their economies, it offered the possibility of breaking out of the cycle of hunger, poverty, poor infrastructure, and poor human development. It offered the possibility that, through state-led economic planning, support to business, and creation of coalition, economic and social development can be attained (Ibid).

Overall, the image of Africa, with pockets of development and governance progress, contrasted with numerous cases of unending poverty, underdevelopment and poor governance remains mixed. Nevertheless, Africa is being projected as the future pole of global economic growth. For these projections to come true, the continent needs states that are capable of overcoming the numerous developmental challenges, preferably democratic developmental states (ECA, 2013: 5).

3. 3. Democracy and the Developmental State in Africa: An inter play

Developmental states, in most of the literature, are classified into 20th century; East Asian Tigers and of the 21st century; Mauritius, Botswana. This distinction is also made to indicate the authoritarian tendency of the 20th century states and to emphasize the democratic nature of the emerging 21st century developmental states. (UNDP, 2012: 8)

According to United Nations Development Program (UNDP), authoritarian nature was one of the most definitive characteristics of the developmental states of East Asia (UNDP, 2012: 12). And thus the model of developmental state is inconsistent with the vision of a pluralistic form of democracy, in which a host of interest groups enjoy broadly equal and unrestricted access to the state (Onis, 1991 cited in UNDP, 2012: 12). During the development years none of the Newly Industrialized Countries (NICs) have made much progress in creating democratic structures that would facilitate meaningful political participation by the majority (Brohman, 1996 cited in UNDP, 2012: 12). It is therefore highly uncertain whether it would be a good idea to apply this in another region, forcing an authoritarian system upon them. Accordingly, if the management of the state is developmental in nature, then a democratic system can probably be replaced by a form of authoritarianism, where the power legitimacy is drawn from developmental achievements and not directly from public elements (UNDP, 2012: 12).

Democratic governance and a developmental state are not opposing to each other. Rather, they are complementary and as such can reinforce each other (ibid: 13). According to Edigheji, the democratic developmental state is one that forges broad-based alliances with society and ensures popular participation in the governance and transformation processes. Although the democratic developmental state may be federalist or unitary, a parliamentary or presidential system of government, it is guided by the goals of coherence and authoritative governance, accountability, inclusiveness, stability, ability to generate consensus and popular participation (Edigheji, 2005 cited in UNDP, 2012: 13), .

Subsequent academic debate did not provide conclusive evidence either that development needed to precede democracy or that democracy was a condition for development (Przeworski, 2000 cited in Musamba, 2010: 38). In the African context, post-colonial developmentalism was implicitly premised on the assumption that development had to come first, generally under

autocratic single party rule, and greater freedom would come later. This, however, did not materialize. According to Sklar, the experiences of development dictatorship had not been successful. Thus, developmental democracy in Africa has to take up the challenge of development where dictatorship has failed (Sklar, 1986 cited in Musamba, 2010: 38).

As to Edigheji, there is a weakness in the conception of the classical developmental state in that it paid no attention to the nature of the political regime; while implying on the basis of East Asian experiences that their development performance was related to the undemocratic nature of their states. He argues that if there is a positive correlation between undemocratic regimes and development, then African countries would have been among the most developed countries in the world (Edigheji, 2005 cited in Musamba, 2010: 39). Moreover, the developmental failure of many post-colonial states in Africa is due to their undemocratic nature, weak internal institutions, and the repression and exclusion of domestic social partners from the governance process (ibid: 40). And, according to Mkandawire, the first few examples of developmental states were authoritarian. The new ones will have to be democratic, and it is encouraging that the two most cited examples of such democratic developmental states are both African – Botswana and Mauritius (Mkandawire, 2001: 310).

3. 4. The Impossibility Theorem

The “impossibility theorem” is a notion used to argue that the developmental state approach is not viable in Africa and, more specifically, to express skepticism as to whether the East Asian development experiences can serve as a model for Africa (Mkandawire, 2001 cited in Musamba, 2010: 30).

Fine, states that it has been influenced by several points of view. One view suggests that the unique and specific circumstances which led to the emergence of developmental states in the region of East Asia cannot easily be replicated. Another view, which gained greater momentum following the East Asian financial crisis in the late 1990s, suggests that replication or emulation of the developmental state is not possible given the significant changes in global conditions, in particular economic globalization (Fine, 2006 cited in Musamba, 2010: 31). Furthermore, prevailing conditions in Africa are also seen by some analysts as supporting the impossibility theorem (Musamba, 2010: 31).

According to Onis, the approach to draw lessons from the East Asian development experience which can subsequently be generalized to and applied in other newly industrializing countries is extremely ahistorical. Studies demonstrate quite conclusively that the East Asian model of the developmental state is the product of unique historical circumstances⁵ with the logical consequence that there exist major constraints on its transferability to or replicability in alternative national contexts (Onis, 1991: 120). And three key elements of the developmental state; single-minded adherence to growth and competitiveness at the expense of other objectives, the unusual degree of bureaucratic autonomy and capacity, and the equally unique and unusual degree of public-private cooperation are extremely difficult to emulate (ibid).

Musamba states that, advocates of the ‘impossibility theorem’ contend that the developmental state approach is inherently incompatible with globalization; the dominance of the neo-liberal paradigm, the proliferation of other development actors such as civil society, supra-national governance agencies and business networks, and the reduction of the political authority and centrality of the state in public decision-making processes. Therefore, it no longer makes sense to advocate for replication of the developmental state approach given that its prominence has significantly decreased. In addition, the absence of institutional and governance capacities and governance limitations proven by miserable poverty, widespread corruption in the public realm, violation of human rights and political instability are also concerns about the viability of the developmental state in Africa (Musamba, 2010: 31-33).

According to Mkandawire, however, most of the analyses about African states that have led to so much hopelessness about the prospects of development are based on discriminatory comparison between African states in crisis and idealized and subjectively characterized states elsewhere (Mkandawire 2001: 290).

International development agencies, the World Bank in particular, against the background of failed developmentalist experiences in the first two post-colonial decades have consistently argued that the developmental state approach is not appropriate to non-East Asian societies

⁵ The geostrategic position of East Asian States in the cold war context enabled them to extract important advantages vis-a-vis the core, the United States in the case of Japan and both the United States and Japan in the case of Korea and Taiwan, which have made a significant contribution towards the consolidation of state autonomy as well as the formation of state capacity (Onis, 1991: 121).

(World Bank, 1993 cited in Musamba, 2010: 33-34). However, the lack of success of many IMF and WB sponsored SAPs; inspired by the neoliberal Washington Consensus has weakened this line of argument (Musamba, 2010, 33). Therefore, although the prospects for adopting the developmental state approach may not appear to be good in quite a few African countries, it is nonetheless important to acknowledge that there is a need for state intervention in order for developing countries to generate growth (Leftwich 1995; 2006 cited in Musamba, 2010: 34).

Mkandawire, asserts that it is possible for African countries to borrow some of the experiences of the East Asian developmental state and, more importantly, contextualize these to Africa's realities (Mkandawire, 2001 cited in Musamba, 2010: 34). Similarly, Mbabazi and Taylor stress that a replication of an East Asian model of the developmental state should not be the aim in Africa, but rather the search for a similar development perspective based on successful experiences elsewhere and adapted to conditions on the continent (Mbabazi and Taylor, 2005 cited in Musamba, 2010: 35)

3.5. Botswana – a Successful Developmental State in Africa?

The claim that developmental states are not impossibility in Africa would be evidence that such states do in fact exist on the African continent. There are African states which have regularly been referred to as developmental states. Notable among these is Botswana, which, moreover, is also regarded as being a democratic developmental state. (Meyns, 2010: 42).

According to Samatar, Botswana's experience challenges the IMF and World Bank position regarding the role of the State in development, and a careful analysis of Botswana's experiences shows that an interventionist state is responsible for the country's economic transformation; state agencies dominate major sectors of the economy such as housing, industrial investment, transport, communication, education, livestock, agriculture and mining. Moreover, Botswana's experiences and the failure of other economies with a high rate of state intervention in the economy confirm that, it is not the size of state intervention, rather, the types of state that is essential. Thus a socially responsible and more effective activist African state is essential for the continent's recovery (Samatar, 1999 cited in Mogalakwe, 2003: 87).

One of the key explanations for Botswana's development path has been the commitment to development and the willingness to clear a national vision for development by the elite. The

focus of the state's development efforts since the beginning of the first National Development Plan (NDP) from 1968 to 1973 has been to raise the standards of living of the population of Botswana. In line with this, development plans have been guided by the planning objectives of sustainable development rapid economic growth, economic independence, and social justice (Republic of Botswana, 1997 cited in Taylor, 2003: 45). And the 'Vision 2016' is supposed to be a national manifesto to guide future NDPs as well as broad government policy and is a statement of long term goals with proposals for a set of strategies to meet these (Ibid).

When Botswana gained political independence in 1966, the country seemed an unlikely candidate to become a successful developmental state. It was one of the poorest countries in Africa, with an expansive territory consisting of largely semi-arid desert land. Its small population; only approx. 600,000 at the time, represented a population density of just 1 per square km, and it was a landlocked country surrounded by hostile white settler-dominated neighbors; South Africa, South West Africa/Namibia, and Rhodesia/Zimbabwe (Meyns, 2010: 42). Moreover, according to Edge, at independence in 1966 Botswana was struggling with issues of basic survival, with some observers regarding the country as a non-viable entity (Edge, 1998 cited in Meyns, 2010: 42).

However, given its situation as one of the poorest countries in Africa at independence, with a per capita income of just US\$ 60 per year, Botswana's economic growth in the past four decades has been astonishing, and stands in marked contrast to most other sub-Saharan African countries. By 1991 its income per capita had reached US\$ 2583. And by 2008, it had risen further to the level of US\$ 6470. Botswana is at present ranked by the World Bank as an upper middle income country, together with only few other sub-Saharan African countries (Ibid: 44).

Edge observes that between 1965 and 1990 Botswana's Gross Domestic Product (GDP) grew by 10% annually and its Gross National Income (GNI) per capita at a rate of 8.4% per year, and that both growth rates were the highest achieved in the world at that period (ibid). According to Meyns, (2010: 45), the difference between Botswana and the East Asian developmental states is that, while the latter based their growth on industrial production, Botswana benefited from the discovery and exploitation of mineral resources, particularly diamonds, which became the driving force behind its political economy. And, contrary to the experience of developmental

failures in many sub-Saharan African countries, Botswana has been seen as an African growth economy (Hartland, 1978 cited in Meyns, 2010: 45).

In the debate regarding the African context, the importance of democratic rule as an integral part of the democratic developmental state has been stressed. Botswana has had a democratic system since independence and, therefore, fulfills this requirement. Moreover, aside the diverse conflicts in neighboring countries, Botswana have been a peaceful country with a stable democratic system. Elections have been held regularly every five years and in all national elections the Botswana Democratic Party (BDP) has won a clear majority of parliamentary seats. So that, Botswana has been under BDP rule since independence; a one party dominated state (Meyns, 2010: 53-54).

There are, however, also critics who have pointed to the one-sided structure of the economy and autocratic features of the state (Good, 2008; Hillbom, 2008 cited in Meyns, 2010: 45). Moreover, Botswana's HDI rank is 125, while its GNI per capita rank is 60; a difference of 65, which is a clear indicator of existing income inequalities in the country. While much has been done in Botswana to improve social infrastructure, poverty levels still remain high (Meyns, 2010: 45).

In 2005, 47% of Botswana's population was living below the national poverty line. This was an improvement compared to 1985 when 59% of the population lived in conditions of poverty, but was still very high. The country also has an unemployment problem, the rate for 2005/06 being given as 18%. Inequality in urban as well as rural areas remains high as well. Income distribution, as measured by the Gini coefficient, stood at 0.6 in 2005 and was higher in Botswana than in most other African countries (Hillbom, 2008 cited in Meyns, 2010: 51).

According to Taylor, setting aside the extensive provision of health and education facilities as well as access to potable water and a decent transport infrastructure, not everyone has benefited meaningfully from raised incomes or higher standards of living (Taylor, 2003: 45). Rather, as to Picard, the primary beneficiaries of government policy in the areas of economic and rural development have been the organizational elites, bureaucratic, professional and political, who dominate the system (Picard, 1987 cited in Taylor, 2003: 45).

Diamond dependency, lack of economic diversification, urban bias, unequal distribution of resources, limits to the democratic system, discrimination of minority groups, dominance of the

existing political and economic elite, and failure in fighting the AIDS epidemic⁶ are concerns of the democratic developmental state in Botswana (Hillbom, 2011: 67). However, Botswana has been addressed as an African economic success story and growth miracle as the country has experienced the fastest long-run economic growth in the world during the last four decades” (Acemoglu et al. 2003 cited in Hillbom, 2011: 67). And its successful growth record has been paired with a well-functioning state structure, with the government spending roughly 40% of GDP on social development, primarily infrastructure, health care and education (ibid). Therefore, the combination of economic success and social development has lead scholars to discuss Botswana in terms of an African developmental state (Makandawire 2001; Maundeni 2001; Mbabazi and Taylor 2005 cited in Hillbom, 2011: 67).

3.6. The Developmental State in Ethiopia

As stated by UNDP (2012: 14) in Ethiopia, one of the issues that need to be raised and discussed is whether the developmental state model is needed for the transformation of the economy. This is important particularly for achieving the consensus needed around the developmental route the country seeks to take, which will in turn helps to create the desired political or elite coalition around the developmental agenda. The role of the state in the economy needs to be clearly defined and agreed upon. For a country that came out of a planned economy that was authoritarian and repressive, which also suffered under a state-led economy that largely funded war efforts in the face of prolonged civil wars, the idea of a strong state posing as the main actor in the economy is not something that sinks in easily (Ibid).

There are contrasting views about why Ethiopia has opted to become a developmental state. According to Befekadu (2013) the establishment of a developmental state of Ethiopia is a reaction to a failed ideology of neo liberalism. As noted by Meles (2006 cited in Befekadu, 2013).

The fundamental nature of the neo-liberal paradigm has led Africa into another economic dead end and into a fragile unstable democracy that is not only incapable of evolving into a stable and mature democracy but actually hinders the

⁶Botswana has been one of the most severely affected countries and still has a HIV/AIDS incidence rate of 24% in the 15-49 age group. Dramatic reductions in life expectancy resulted from the pandemic around the turn of the century. In 1997 people in Botswana had a life expectancy at birth of 68 years, one of the highest in Africa; by 2004 it had plummeted to 35, one of the lowest on the continent (Meyns and Musamba, 2010: 51).

development of an alternative path of democracy that leads overtime to such a mature and stable democracy. If the twenty first century is to be a century of African renaissance, then there has to be a paradigm shift and democratic developmental state is the right paradigm.

As to Dr. Kassahun⁷, EPRDFs ideological disposition is that the role of the government should be strong in Ethiopia and in countries similar to Ethiopia. Everything cannot be left to the market. There are a lot of diversities and economic problems and the country is not developed. Market forces are not also developed and cannot replace the role of the government. He states that by taking the country's current state of development in to consideration, there should be a government that is strong and can play a leading role in bringing economic development. Thus, we need the role of the government for it cannot be replaced by the market since they are not developed or nonexistent. If a proper strategy is devised and the question what type of government is answered, the developmental state is a proper state form to bring economic transformation in Ethiopia.

However, according to Dr. Merera⁸, first, the 2001 split among the Tigray Peoples Liberation Front (TPLF) created an ideological crisis. Revolutionary Democracy was in crisis and needed a cover. And second, in the 2005 election EPRDF lost the election although it regained power through force. Thus, the developmental state was used as a tool to stay in power by deceiving the public. Ato Tamrat⁹, however, holds a negating view to Dr. Merera and states that Ethiopia is a very poor country and democracy and peace were also absent. Thus, the solution to bring the country out of these problems was not a gradual transformation. Rather, a revolutionary political economic transformation was needed and developmental state was the right option to bring this rather than neo liberalism or a command economic system to bring this. In addition, those successful East Asian developmental states were poor and undemocratic as Ethiopia in the past. Thus, if the developmental state model contributed to their success, it will also contribute to ours.

⁷ Interview with Dr. Kassahun Berhanu, Associate Professor of Political Science and International Relations at the Addis Ababa University.

⁸ Interview with Dr. Merera Gudina, associate professor of political science and international relations at the Addis Ababa University. He is currently deputy chairman for the opposition party MEDREK and chairman of Oromo National Congress.

⁹ Interview with Ato Tamrat Dejene, director general of the media diversity directorate at the Government Affairs Communication Office.

According to Tesfaye, (2010) amongst many circles of academics and business elites in Ethiopia, the term developmental state is almost equated with the mere imposition of hard power and authoritarian rule on society with the aim of continuing one-party rule under the pretext of implementing socio-economic and political policies and programs in order to achieve fast and accelerated economic development. This is because of the authoritarian political system that was prevalent during the developmental process of the so-called East Asian Tigers or NICs in the 1980s. This does not, however, imply that all authoritarian regimes are developmental and it also does not mean that states need to be authoritarian in order to be developmental. Instead, there have been many examples of anti-developmental or non-developmental authoritarian states in Africa and Latin America; Ethiopia of the pre-1991 era could be cited as an illustrative example in Africa (Ibid).

To restore the Ethiopian economy, which was on the edge of total failure during the military (Derg) regime, Ethiopia's current "democratic developmental state" model has been guided by very strong governmental intervention in the market, giving power and authority to the government bureaucracy to plan, supervise, and implement the developmental processes of the country. The developmental state also governs the process of investing in key economic sectors (Assayehegn, 2012: 89). However, the same as to the question why has Ethiopia opted to become a developmental state, the views are different regarding what Ethiopia has benefited from the developmental state model.

According to Dr. Kassahun¹⁰, first we need to answer what a developmental state in Ethiopia is? The developmental state is not an established system in Ethiopia. The government has to take a leading role but is it to crack the opposition and become dominant or is it to bring growth? Pros and cons of the role of the state should be known clearly. As to Dr. Merera¹¹, in terms of political democratization the developmental state is a big loss. In terms of economic development, it is controversial. Thanks to foreign aid there are some infrastructural developments. But who is benefiting from them? At what cost? Who is being displaced? It is a lopsided development that is creating inequality. Ato Tamrat¹², however, argues that Ethiopia has benefited a lot from the

¹⁰Interview with Dr. Kassahun Berhanu

¹¹Interview with Dr. Merera Gudina

¹²Interview with Ato.Tamrat Dejene

developmental state trajectory that it is following. Fast economic transformation is being recorded in the country. The government is intervening in sectors that the private sector cannot enter in to and developing such as infrastructure. As a result, social (health and education) and economic (agriculture, housing and energy) developments are achieved. Foreign Direct Investment (FDI) is flowing to the country and there are pulling factors for these such as, peace and stability, tax incentives and more importantly the availability of land. Land is public property in Ethiopia so that the government has no problem in giving land to investors. In general, because of the developmental state trajectory, the country's image is being changed. National consensus on the development that occurred is being achieved although there are some challenges of inequality and good governance.

According to the World Bank, in the past one decade Ethiopia has been one of the world's fastest non-oil growing economies in Africa averaging 10.7 percent per year compared to the regional average of 5.4 percent and if the country continues its impressive economic growth, it could potentially reach middle income status by 2025 (World Bank, 2013 cited in Gedion, 2014: 17). The poverty reduction in the country is impressive; in 1995 some 61 percent of the population were estimated to be below a \$ 1.25 a day poverty line, but by 2010 that had fallen to 29 percent (Kellsal, 2013 cited in Gedion, 2014: 17). However, according to Assayehegn, (2012: 90), the Ethiopian developmental state has played an important role in supporting quantitative economic growth. However, those with low incomes don't appear to benefit from the overwhelming economic growth of the country. The poverty ratio of people living on less than \$1.25 a day in Ethiopia is very close to about 30 percent. Based on the extreme social inequalities and miserable poverty that still exist in the country, it is possible to show that the majority of Ethiopians have not been able to share the benefits of the country's economic growth during the last seven years.

Assayehegn states that, Ethiopia's HDI improved by 16%; i.e., from 0.313 in 2005 to 0.363 in 2011 due to poverty reduction and access to health benefits and the expansion of the Ethiopian economy (ibid). And with regard to MDGs, as a result of the growth and effective social spending, the government is on track to reach MDGs 1, 2, 4 and 6, and likely to be on track for goals 3, 5, and 7 (UNDP Ethiopia, MDGs Report, 2012: cited in Gedion, 2014: 17). Moreover, the country interestingly has done this by ignoring a great deal of conventional donor advice,

claiming to be following an Asian development model instead (Kelsall, 2013 cited in Gedion, 2014: 17).

Given the fact that the transition to democracy is taking long and twisted routes, the developmental state to be constructed in Ethiopia is bound to push the agenda of democratic transitions as well as economic transformation. This is partly a necessity because the developmental state in Ethiopia needs the legitimacy, the credibility, and the competence that comes from its democratic credential. To lead the transformation emphatically in an authoritative and binding manner, it is imperative that the state work on the democratization agenda as well as the developmental agenda without prioritizing one over the other (UNDP, 2012: 15).

In Ethiopia, the developmental state is viewed as one of the two pillars of the national renaissance. Coupled with the other pillar; democratic federalism, the establishment and consolidation of an effective developmental state is expected to lead to a national transformation that is no less than a rebirth (Meles, 2010 cited in UNDP, 2012: 17). The contemporary Ethiopian state has set its vision on establishing a democratic rule, a system of good governance and social justice based on the freewill of the people. This is meant to contribute to rapid economic growth. And such commitments are expressed in unambiguous terms in the Growth and Transformation Plan (GTP); Ethiopia's vision, is to become a country where democratic rule, good governance and social justice reign, upon the involvement and free will of its peoples, and once extricating itself from poverty to reach the level of middle-income economy as of 2020- 2023. (FDRE, GTP, 2010 cited in UNDP, 2012: 17).

Overall, according to UNDP (2012: 17) the clear prominence on economic development and the clarity of goals; eradication of poverty and changing the country into a middle-income country by a definite date, hint at the developmentalist orientation of the contemporary Ethiopian state. In other words, the Ethiopian state already has the requisite ideological orientation. Whether it has the necessary institutional arrangements e.g. capable bureaucracy, strong central planning institution, vital state-owned enterprises to play a role in the economy, strong set of social and economic policies, etc. is a point to be explored.

Chapter Four: The state of democratic developmental states in Africa

The state is undeniably the most important institution in a society for it consists of a cluster of inter-related socio-economic and political institutions, charged with the performance of a multitude of roles and functions, including fostering the overall wellbeing and development of society (ECA, 2003: 1). It has always been seen as the main supplier of basic and essential public goods and services, ranging from the maintenance of law and order, creating and maintaining the enabling environment for peace, security and stability, to the health and education services for the citizenry. However, the ability of the state and its institutions to perform its functions and fulfill its multiple roles has varied over time and space. This is reflected in differential levels of socio-economic development and progress among states and regions of the world, begging the question as to why some regions or countries are more developed than others (Ibid).

As to Edigheji, (2005: 1) the history of the post-independent African state is that of monumental democratic and developmental failures. The few exceptions to this have been Botswana and Mauritius, and to some degree, post-Apartheid South Africa. After almost four and a half decades of independence, most countries on the continent are characterized by underdevelopment. The evidence for this state of underdevelopment can be found in any social and economic indicators one cares to examine.

At the economic level, Africa has been marked by the dominance of the primary sector (agriculture, oil and minerals) partly as a result of the inability of the African states to foster an environment for high value added economic activities, low domestic capital formation and declining direct foreign investment, foreign aid dependence, heavy indebtedness, high unemployment and the informalization of the economies where the majority of its people live in poverty. Consequently, at the beginning of the 21st century, Africa is unable to compete in the global economy (ibid). The majority of African countries lack basic social and physical infrastructure. As a result, most people on the continent have no access to basic services such as potable water, electricity, good sanitation, roads and healthcare. All of this coupled with high illiteracy rate, especially among women. The lack of access to basic medical care occurs against a backdrop of ravaging diseases; a situation which has become exacerbated with the advent of the HIV/AIDS epidemic (Ibid).

Moreover, the state of underdevelopment has been reinforced by authoritarianism, political instability, ethnic and religious conflicts and civil wars. Since attaining their independence, most African countries have been plagued by some form of political conflict. In spite of these failures, the question of the democratic developmental state is not sufficiently addressed on the agenda in Africa (Ibid: 2). A democratic developmental state according to Edigheji is:

One that not only embodies the principles of electoral democracy, but also ensures citizen's participation in the development and governance processes and fosters economic growth and development. (Ibid: 5).

This means that not only is the state able to transform its economic base by promoting productive, income generating economic activities but must ensure that economic growth has the resultant effect of improving the living conditions of the majority of its population (ibid: 5). Of importance in the conception of the democratic developmental state is whether or not the system adopted is able to promote and engender coherent and authoritative governance rather than the systems of government: parliamentary versus presidential, and unitary versus federalist. In this respect, the inclusiveness and stability of the system become important components in defining the democratic developmental state. One of the merits of this conceptual approach is that it allows for institutional differences or variations among democratic developmental states while the aims of their internal workings remain the same; i.e. inclusiveness, accountability, stability and authoritative governance, as well as broad and grassroots participation in the democratic process (Ibid: 13).

According to ERA (2011: 5) the state in Africa has a crucial role to play in facing various current and emerging developmental challenges. State leadership and vision are required for designing and pursuing policies to move Africa from its heavy dependence on primary commodity exports to industrialization. Generating domestic sources of development finance calls for strong and effective states endowed with the legitimacy to raise the necessary revenue as well as the capacity for efficient delivery of public services. Attracting international development finance, too, requires states with such attributes. Driving a green transformation will require a set of enabling conditions that demand the state to play an important role. In particular, engagement of the state, producers and consumers will enable African countries to take full part in shaping norms for environmentally sound agricultural and industrial goods and services. State leadership is also critical for accelerating and strengthening regional integration, to create larger markets for

developing the continental manufacturing base for a wide variety of clean products and technologies.

Since independence, nearly all African countries failed to achieve sustained economic growth and meaningful structural economic transformation (Ibid:89). Economic transformation in Africa demands the state to play a central role in planning, articulating and implementing policies aimed at ensuring efficient allocation of resources. But the state must have the capacity to do this, as well as the institutions to link the bureaucracy with key stakeholders. Crucially, it must have the legitimacy to mobilize all stakeholders around a nationally owned development framework, including its vision and targets. In other words, transformation in Africa will require a developmental state that is defined as:

One that has the capacity to deploy its authority, credibility and legitimacy in a binding manner to design and implement development policies and programs for promoting transformation and growth, as well as for expanding human capabilities (Ibid: 7).

Such a state takes as its overall socio-economic goals the long-term growth and structural transformation of the economy, with equity. Moreover, developmental states in Africa should be inclusive and operate through a democratic governance framework, which is necessary to ensure socio-political inclusiveness. This in turn enhances the legitimacy of the state and its institutions, giving the state greater authority in managing disputes stemming from transformation (ibid).

Constructing developmental states in Africa will require a purpose driven and nationalistic political leadership to chart a developmentalist vision and to build a powerful constituency in the state and society to support it; commit to the development of a strong entrepreneurial class; promote macroeconomic stability; invest in innovation, science and technology; build strong and capable institutions; and reform social policy while expanding the social (and economic) infrastructure. Although they may not be able to attract adequate external capital inflows to fill their development financing gaps, effective mobilization and use of domestic resources would help Africa's developmental States to realize the major objectives of economic and social transformation of the continent (Ibid: 111).

4.1. Challenges of building a developmental state in Africa: a comparative analysis of Botswana and Ethiopia

The interest in constructing a developmental state while also deepening democracy, as stimulating as it is to those who value a democratic developmental state, is not without its challenges (UNDP, 2012: 1). The democratic developmental state in Botswana which is seen as a success story in Africa since the 1990s and the developmental state in Ethiopia which is nascent or emerging and claims to be democratic are not exceptions to this. Developmental states are characterized by features such as; strong, visionary, capable, and committed leadership; strong, competent, and depoliticized bureaucracy, insulated from and untroubled by elections or by the business pressures; effective national development planning; coordination of economic activities and resources; focused on expanding human capacity by investing in social policy to advance education, health care services, housing, and other economic and social infrastructures; and trust and confidence building institutions and norms such as the rule of law, justice, political stability, and peace (UNDP, 2012: 7). Hence, based on these common characteristic features of developmental states, this study examines the challenges and prospects of building developmental states in Africa by comparing Botswana and Ethiopia.

4.1.1. Committed leadership

The capacity of the developmental state for formulating and implementing such a program needs a political leadership that is committed to national development goals and can motivate and guide the planning process (ERA, 2011: 8). However, with few exceptions, African countries have not made a meaningful economic transformation, largely because committed state leadership has been lacking or remained ineffective (Ibid: 89).

One of the remarkable features of the political regimes in all the developmental states has been their commitment to growth and equity, whether their reasons were ideological or based on political pragmatism or they saw that ensuring welfare, increasing opportunity and containing, if not decreasing, inequality were necessary conditions not only for broad-based and effective economic growth, but for the political stability that would ensure it could happen (Leftwich, 2008: 13). According to Fritz and Menocal (2003: 12) in the 1970s and 1980s, several African countries suffered from extreme dictatorships and/or unstable military rule and repeated coups. In such situations, no capable competent civil service could emerge to guide development.

Leaders who stay in power for too long tend to become increasingly unpredictable and ineffective and indefinite leadership is increasingly seen as an obstacle both to the political democratization process and to the social and economic development (Walle, 2001 cited in Fritz and Menocal, 2003: 12). Moreover, the tendencies that influence state-led development negatively, such as leadership which lacks a motivation to prioritize development and the absence of a competent and efficient civil service are perhaps most evident and perverse in sub-Saharan African states (Fritz and Menocal, 2003: 12). As stated by Kunirum, leaders in Africa interpreted their authority to serve the interests of their family, friends and ethnic groups (Kunirum, 1991, cited in Edigheji, 2005: 11). In such circumstances, the state has limited developmental capacity as the political leaders are unable to mobilize and foster mutually-interlocking relationships between the state and various social, political and economic interests (Edigheji, 2005: 11). In addition, it is unable to mobilize national resources for national development (ibid).

Committed and capable leadership constitutes a primary agency in the construction of a developmental state. It must be the leadership that defines and articulates a clear developmentalist vision and an economic agenda for the country; outlines plans and strategies for achieving the goals; builds an elite coalition for support and ownership; builds the technical capacity to elaborate and sustain the agenda; and mobilizes popular support (ERA, 2011: 97). Developmentalist leadership is often underpinned by a strong sense of nationalism; a commitment to transform the condition of the country, change the structure of production, promote capital accumulation and fast-track the process of industrialization. However, as stated by ERA (2011), the notion of a developmental leadership is not about building personality cults or strongmen but about leadership providing clear direction for social and economic change, creating a powerful pro-development constituency among the ruling and bureaucratic elites, and harnessing the critical economic and social forces in the country (Ibid). For instance, in Botswana, leadership commitment and capability were not challenges in building a democratic developmental state. Rather the commitment of the leadership and its capacity in creating effective institutions, bureaucracy and maintaining its autonomy are considered the reasons behind the country's success.

According to Molutsi (1989), a crucial part of the development-orientation of the political elites in Botswana is that they do not submit to practices of neo-patrimonialism and corrupt self-enrichment. The country has avoided the major pitfalls of primordialism which have led to the demise of so many other sub-Saharan African countries. As to him, it is not as if the political elite, comprised political office holders, top civil servants, cattle owners, traditional leaders and the business elite, did not pursue their own interests in the political system, but the state has retained a sufficient degree of relative autonomy to maintain its focus on national developmental goals (Molutsi, 1989 cited in Meyns, 2010: 47).

As noted by Taylor (2003: 40) one of the key explanations for Botswana's development trajectory has been the commitment to development and the willingness to articulate a national vision for development by the elite. There has been a definite commitment by the state to pursue development and a conscious and disciplined leadership has seen as one of its main duties the need to develop professional institutions with competent bureaucrats. Indeed, the very process of nation-building post-independence took on a nature that was inspired by the fundamental task of development at all levels of society and government. Moreover, this developmental ethos was accepted and advanced by both the political and bureaucratic elites and by the institutions that they built up (Tsie, 1996 cited in Taylor, 2003: 38).

Today, Botswana's economy is based on mining of natural resources, principally diamonds. Diamond mining has without a doubt facilitated the country's extraordinary growth. Its success could, therefore, be attributed to the discovery of natural resources in the 1960s. However, while the element of good fortune cannot be denied, many other countries rather than benefiting from similar luck in respect of diamond or oil resources have, in contrast to Botswana, submitted to what is now referred to as the "resource curse" (Meyns, 2010: 45). The leadership provided by Botswana's founding leaders has been cited as a principal reason for the country's success (ibid, 46). And as Hartland (1978) stresses, Botswana provides an almost classic example of how a developing country with determined and devoted leadership can help itself (Hartland, 1978 cited in Meyns, 2010: 46). Even though development inadequacies and governance failings persist, Botswana after independence embarked on a process of change few would have believed to be possible in 1966 and which would not have been achieved without the political leadership provided by the state, functioning as a developmental state (Meyns, 2010: 53).

In contrast to Botswana, leadership commitment and capability poses a challenge in building a developmental state in Ethiopia. According to Dr. Merera¹³, lack of efficient and committed leadership that can lead a developmental state is the major challenge in Ethiopia. The presence of development-oriented democratic leaders, relatively uncorrupted, non-predatory or with limited personal gains that will not impede investment but rather facilitate the expansion of national productivity is crucial (Gedion, 2014: 5). However, the elites in Ethiopia use the state as the principal vehicle for accumulating wealth through corrupt methods, including the embezzlement of public funds, requiring and receiving bribes from both citizens and foreigners who conduct business with state institutions, and coercion. Thus, a new visionary and committed leadership would have to take steps to reduce the spread of corruption (Ibid: 20).

Kelsall (2013), is also of the opinion that in Ethiopia there is concentration of power, long-standing traditions of hierarchy and secrecy, a large state apparatus in which patronage is used as a resource for securing political support, and a blurring of the lines between the public and the private spheres (Kelsall, 2013 cited in Gedion, 2014: 21). The country and its politics are treated as the privilege domain of power holders who operate in an informal and often non-transparent manner, and over which the formal institutions do not have a decisive say (Ibid: 21).

4.1.2. Effective and Autonomous Bureaucracy

The developmental state establishes its autonomy through the creation of a rationalized, core bureaucracy characterized by meritocracy and long-term career outlooks. These traits make civil servants more professional and more detached from powerful rent-seeking groups attempting to influence them (Evans, 1995 cited in Fritz and Menocal, 2003: 8). At the same time, the state cannot be too insulated from society because it would then run the risk of becoming self-serving rather than responsive to demands and needs for further development. Thus, it must also be embedded in society that is, connected to a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies

As noted by Mann (1986), developmental states were quick to develop effective bureaucracies with the means to ensure infrastructural power (Mann, 1986 cited in Leftwich, 2008: 14). That is

¹³Interview with Dr. Merera Gudina

the capacity to devise, implement and achieve socio-economic and policy goals. But also, these bureaucracies were generally well-trained and highly competitive with respect to entry and promotion (Evans and Rauch, 1999 cited in Leftwich, 2008: 14). Moreover, these bureaucracies located close to and protected by executive power and authority, developmental states had been able to build and maintain powerful, competent, insulated specialist economic bureaucracies, highly trained and largely insulated from the demands of special interests, avoiding, in the main, capture by such interests (Leftwich, 2008: 14). The capacity of public institutions, especially the bureaucracy, is crucial to economic performance in a developmental state. The bureaucracy advises the political executive and formulates and implements public policies. Professionalism, discipline and technical skills are core issues in administrative competence and capability (UNECA, 2005 cited in ERA, 2011: 98). The immediate reasons for the failure of state-led development in so many countries in Africa according to Fritz and Menocal (2003: 10-11) can be seen as largely economic with state-owned enterprises becoming highly inefficient, employing far more staff than comparable enterprises while failing to deliver products and services at reasonable prices and in a timely manner and a large and often ineffective civil service that became fiscally unaffordable.

To become developmental states, African countries will have to build transformative institutions, and primarily a competent and professional bureaucracy (ERA, 2011: 108). Recruitment and promotion in the bureaucracy have to be based on merit rather than political patronage, ethnic and religious considerations. Also, civil servants need to have predictable career paths (ibid). For Botswana, building an effective and autonomous bureaucracy was not an easy task, given the lack of educated man power and well developed institutions at independence. However, through the commitment of the leadership that wanted to create a bureaucracy based on merit and which also wants to maintain its autonomy it was made possible. As a result, capable bureaucracy that is autonomous and effective institutions has been built. And it contributed a lot to the developmental state trajectory that the country came across.

As described by Hartland (1978), Botswana has built state capacity gradually after independence, relying initially, given the lack of home grown manpower, strongly on foreign expertise. This pragmatic approach has been seen as instrumental in creating a competent and effective public service which, in its turn, attracted foreign aid and private investment to the country and thereby

facilitated the rapid growth of the economy (Hartland, 1978 cited in Meyns, 2010: 47). Moreover, alongside the creation of a public service based on merit, Botswana's political leadership also had an interest in ensuring the autonomy of the bureaucracy so as to allow it to pursue the country's developmental objectives (Meyns, 2010: 47). Botswana's leaders protected the civil service from most political interference thereby shielding it from corruption and guaranteeing its professionalism, and turning it into a powerful agent of development. (Ibid: 47).

Samatar (1999), asserts that Botswana's success as a developmental state is based on a professional bureaucracy that has conducted and implemented policy-making efficiently and this has been made possible by an essential alliance amongst elites (Samatar 1999 cited in Taylor, 2003: 39). As stated by Maundeni (2001 cited in Taylor, 2003: 41), the state elites commitment to development alone does not explain Botswana's experience. Developmental commitment needed to be matched with institutional capacity and creating a truly developmental state requires that the whole state machinery must be subjected to the leadership of an economic agency of the state. And this economic agency according to Taylor (2003: 41) was the Ministry of Finance and Development Planning (MFDP), staffed by an able civil service. The MFDP has become the embodiment of the developmental state in Botswana. It has the institutional capacity and the authority to prepare the NDPs and to oversee their implementation (Meyns, 2010: 47).

In Ethiopia, as opposed to Botswana, the creation of an effective bureaucracy that is autonomous is seen as one of the main challenges of the emerging developmental state¹⁴. According to Asayehgn (2012: 1), the theory of a developmental state model proposes that professional bureaucratic elites design, manage, and run autonomously the short and long range plans of a country. However in the Ethiopian "democratic developmental state", the short and long term plans are controlled by the ruling party, EPRDF. The public and private sectors are minimally involved in the planning process. Far from operating in a developmental state, Ethiopia operates under a centralized system

Since the 1991 regime change, Ethiopia has introduced three important reforms: the introduction of ethnic federalism; democratization of politics and liberalization of the economy, the reforms considered as mechanisms for the resolution of conflict and removal of its deeply rooted causes

¹⁴Interview with Dr. Kassahun Berhanu

(Kelsall, 2013 cited in Gedion, 2014: 16). On the positive note, the adoption of ethnic federalism constitutes a refreshing approach to governance. This is because it moves away from regarding ethnicity as a negative or dysfunctional political and socioeconomic social force. Instead, it emphasizes the positively creative, crosscutting useful value of ethnicity for democracy and development (APRM Ethiopia Report, 2011 cited in Gedion, 2014: 16). However, the ethno-linguistic criterion of the Ethiopia federal arrangement also discourages the free movement of labor and capital, which has its own challenges for the country's developmental state project (Gedion, 2014: 21). According to Samuel (2011: 34) due to ethnic federalism, ethnic entitlement produced a weak bureaucratic structure which is a key to developmental state. The prioritization of ethno-linguistic criteria rather than meritocracy adversely affects the establishment of a highly competent bureaucratic staff. In addition, the political neutrality of the bureaucracy is also still a challenge (Ibid).

In Ethiopia, as stated by Asayehgn (2012: 7), state functionaries are required to attend various in-service seminars or they are sent abroad to upgrade their professional standards and skills. But the institutions within which the various functionaries operate are not autonomous. The higher positions in governmental departments are assigned according to an ethnic-based quota system. Thus, the perception held by the public is that the bureaucrats are expected to operate in line with their ethnic affiliation rather than in pursuit of the goals of the organization (ibid). Moreover, Ethiopian elites are recruited based on ethnic affiliation. As a result, they are strongly influenced by the ruling elites accountable to their regional state. Because of this, the bureaucratic leaders and high ranking civil servants in Ethiopia are involved in widespread corruption. Instead of having selfless devotion to the Ethiopian economy, civil servants have become political cadres recruited for the maintenance of the party in power (Ibid: 8).

Thus, as to Asayehegn (2012: 13) if Ethiopia desires to use the state as a very important vehicle to tackle its deep seated developmental problems, it needs to create a system for constant improvement of its public administration sector to keep employees politically neutral and professionally competent and to ensure that the appointment of government elites is transparent and based on due process.

4.1.3. National development planning

Development planning is a key component of a developmental state (ERA, 2011: 99). It is about identifying national priorities, setting targets, developing strategies, facilitating coordination among various sectors and stakeholders, and establishing monitoring and evaluation mechanisms for achieving short to long term development goals (Ibid).

From the beginning, effective development planning at a national level and its implementation was not a challenge in Botswana. According to Meyns (2010: 46), development planning became and has remained the guideline for Botswana's economic policy. The continuity of Botswana's development experience is shown by the national principles of democracy, development, self-reliance and unity which it proclaimed in the 1960s and the national objectives of sustained development, rapid economic growth, economic independence and social justice which have informed development plans since then (Edge, 1998 cited in Meyns, 2010: 46). The same principles and objectives are evoked in recent development plans and in Botswana's "Vision 2016" document (Meyns, 2010: 46). Moreover, the "Vision 2016" is supposed to be a national manifesto to guide future NDPs as well as broad government policy and is a statement of long term goals with proposals for a set of strategies to meet these (Republic of Botswana, 1996 cited in Taylor, 2003: 40).

According to Maipose (2003) public sector development planning and its integration with the annual budgetary process have been the foundation of Botswana's development management machinery, and the basis for managing its extra gains, mineral rent and foreign aid. The country relies on a six-year planning cycle, with mid-term reviews and annual budgets to update the plans in response to changes in the economic and political context. NDPs are essentially plans for public spending and human resource use, and annual budgets are used as instruments for converting a development plan into a program for action, on the basis of the projections underlying the Botswana macro-economic model (Jefferis, 1998 cited in Maipose, 2003).

The same as in Botswana, in Ethiopia, effective development planning is not lacking. However, there are some limitations and challenges in implementing the development plans. In its vision to become a middle income country by 2025, Ethiopia has embarked on ambitious national programs to accelerate economic growth with poverty alleviation as pillar of its development

strategy (Gedion, 2014: 22). Since 2003 the government has been working on important plans that brought significant economic growth in the country. These are Sustainable Development and Poverty Reduction Program (SDPRP) followed by the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP), MDGs-based plan and the current plan called the GTP from 2011 to 2015 (ibid). However, Ethiopia's intended plans and visions had not been fully implemented (Asayehgn, 2012: 5). Many fruitful projects were delayed because the governmental functionaries lacked the professionalism and commitment needed to mobilize the limited resources of the nation. If the Ethiopian functionaries had been willing to operate efficiently to address the economic challenges of the country and if government intervention had been implemented carefully, there is little doubt that these plans would have generated the greatest welfare for the largest numbers of Ethiopians.

4.1.4. Social policy

According to Leftwich (2008: 17), a combination of economic growth and investment in welfare and social provision are together most effective for the reduction of poverty and the fundamental requirement for both is preferably a developmental one. A developmental state often reinforces its human capacity and invests in social policy and programs. These dimensions include investment in quality education, health care services, economic and social infrastructure and, in some cases, land reform. In essence, a developmental state must prioritize human capacity and social welfare as the means of ensuring the required knowledge, skills and friendly social environment for development to take place and be sustained (ERA, 2011: 100).

To become developmental states, African countries have to revise their social policies. These should include measures to increase income support, gradually reduce income inequality and ensure access to the basic social goods of education, health care and decent livelihoods for people. In other words, social policy measures have to meet the basic goals of human existence as contained in the MDGs (Ibid: 110). Heavy investment in skills, education, health care and infrastructure (including economic infrastructure) will be important tools for expanding human capabilities in Africa. They will also become important means of enhancing the productive base of African economies. Of course, a combination of development strategies that promotes investment in education and infrastructure, such as roads, water and electricity, would improve the environment for doing business in Africa, and attract greater volumes of FDI (Ibid).

In Botswana's developmental state, access to basic social services such as education and health care and infrastructure are provided sufficiently because the government spends close to half of its budget on these services. However, reduction of income inequality and income support for the poor through the provision of job opportunities remain the major challenge. As stated by Leith (2000) based on its well established planning system, Botswana's government used its funds prudently investing principally in economic infrastructure, i.e. roads, water, electricity as well as services for the mining and agricultural (cattle) sectors, and social services, i.e. health and education, all of which served to promote national development (Leith, 2000 cited in Meyns, 2010: 48).

Considering that Botswana since independence has moved from a predominantly agrarian society to an increasingly urban society and an economy based on mining, it seems hard to deny that some structural change has occurred. However, diamond mining has not created a great amount of employment in the country and, as an export industry, has only limited linkages to other sectors of the economy. As a result, Botswana has been facing problems of unemployment, despite impressive growth rates (Meyns, 2011: 52). As a mining economy it must nevertheless be regarded as an achievement of performance-oriented governance that Botswana, in contrast to many other countries, has avoided the "resource curse". The fact that the state has invested large parts of mining revenue into development-related investments such as roads, water supply, energy, education and health, which have contributed significantly to improving the living conditions of the country's population, is not disputed (Ibid).

According to Hillbom (2011: 17), while Botswana's government has not enforced programs for continued reallocation of resources and incomes, it has been conducting a policy of providing basic needs for its population. Social development is part and parcel of economic development signifying the developmental state. Moreover, its successful growth record has been paired with a well-functioning state structure, with the government spending roughly 40% of GDP on social development, primarily on infrastructure, health care and education (Acemoglu, 2003 cited in Hillbom, 2011: 1).

However, as stated by Maipose (2003) against a story of good governance, regular elections, clean administration and prudent management, there is a major challenge of diversifying the economy, turning wealth into jobs or economic activities that will have effects of alleviating

unemployment and poverty levels, and empowering indigenous private entrepreneurs. According to the world fact book (2014) in 2003, population living below poverty line in Botswana was 30.3 %. And in 2009 unemployment reached 17.8 % and youth unemployment from ages 15-24 was 13.6 %. The major challenge of meaningful economic diversification, that is, export-led diversification, has to be achieved through energized/activated state facilitating role aimed at making the private sector dominant in the economy (Maipose, 2003). Thus, the main challenge for Botswana remains with how to make growth inclusive; especially in light of increasing unemployment (significant among the youth), persistent extreme poverty and high-income inequalities in the face of high growth. Promoting growth with equity involves adopting a holistic sustainable human development policy framework that is pro-people, pro-jobs, and pro-nature (UNDP, 2014: 2).

In contrast to Botswana, the Ethiopian developmental state spends more of its budget on the provision of social services such as health care, infrastructure and education. But it faces, although to a limited extent when compared to Botswana, a challenge of reducing income inequality. The provision of job opportunities especially for the youth is also another challenge for the Ethiopian developmental state.

According to Kelsall (2013), the Ethiopian government committed around 64 percent of its budget on pro-poor sectors like education, health, agriculture, water, and roads as well as giving incentives for large-scale commercial farming (Kelsall, 2013 cited in Gedion, 2014: 17). The Ethiopian government spends 5.5 % of its GDP on education and is expected to spend 4.5% of its GDP to attain the Millennium Development Goal of 100% primary school completion by 2015 (World Bank, 2005 cited in Asayehegn, 2012: 4). In addition, the Primary school enrollment reached 90.7% and 20.3 % secondary school enrollment in 2011. It also spends 2.2 % of its GDP on health and has achieved a remarkable trend in establishing health services according to its 0.619 health index (ibid: 6). And about 20% of the country's GDP is spent to reengineer its infrastructure, such as roads, schools, railways, air transport, dams, and telecommunication services (ibid: 9). Thus, as a result of all these expenditures for the provision of social services, people living below the poverty line in Ethiopia has declined from 41.9% in 2005 to 29.6% in 2011 (ibid: 4). Similarly, due to poverty reduction and access to health benefits and the expansion of the Ethiopian economy, the HDI, measuring life expectancy, the level of

schooling (adult literacy rate), and real GDP per capita (standard of living), Ethiopia's HDI improved by 16% from 0.313 in 2005 to 0.363 in 2011 (Ibid). However, amid all these efforts, several economic and social problems persist that require effective social policy and commitment.

In Ethiopia, among the several problems that challenge the prospect for democratic developmental state, the most notable are lack of economic transformation, poverty and unemployment (The World Bank Report, 2013 cited in Gedion, 2014: 21-22). The structure of the economy has remained virtually unchanged in the past two decades. The economy is reliant on agriculture, which contribute significant share of the GDP and lacks an industrial base as well as the required focus on the creation of wealth for the purpose of promoting internal development. Accordingly, domestic capital formation is negligible, which has adverse effects on financing and promotion of developmental state project (Ibid).

Ethiopia is still one of the poorest countries in the world. Many are still mired in poverty and millions of Ethiopians are living below poverty level. Unemployment is also another formidable challenge in the country (ibid). According to the world fact book (2014), unemployment rate in 2012 in Ethiopia was 17.5 % and youth unemployment from ages 15-24 was 24.9 %. And Between 2 and 2.5 million young people are entering the labor market every year. This scenario demands as many high-quality jobs as possible (The World Bank Report, 2013 cited in Gedion, 2014: 21-22).

4.1.5. Institutional capacity

Institutions that provide dependable property rights, manage conflict, maintain law and order, and align economic incentives with social costs and benefits are the foundation of long-term growth (Rodrik, 2002 cited in Fritz and Menocal, 2006: 4). They are the key explanatory variable why some countries become wealthier than others and are more important than either geography or openness to trade (Acemoglu, 2001 cited in Fritz and Menocal, 2006: 4). According to Ghani (2005), a developmental state project must have an institutional, long-term perspective that transcends any specific political figure or leader (Ghani, 2005 cited in Fritz and Menocal, 2006: 4).

When they function well, developmentalist institutions can help to enhance the efficiency and equity of resource allocation and propagate citizen's greater oversight of the state, thereby promoting greater accountability. The enhanced ownership of the development process contributes to its credibility and legitimacy. At a technical level, the exchange of information and perspectives enhances bureaucratic decision-making (ERA, 2011: 8). An effective developmental state requires beyond a set of crucial institutions and mechanisms a democratic socio-political environment that endows it with legitimacy and authority. This environment also provides stakeholders with the voice and representation that enable them to have a sense of ownership of the country's national development program (Ibid).

Successful economic transformation requires such institutions as a good constitution, the rule of law, an independent judiciary, representative political institutions, effective central banks and other regulatory bodies, and effective laws, especially in enforcing property rights (Nnadozie, 2009 cited in ERA, 2011: 83). However, with very few exceptions, African states do not have the institutional architecture that would constitute the foundation of a democratic developmental state. State institutions in Africa are overstaffed, weak, ineffective, and lack the administrative, managerial and technical skills that are required for the effective functioning of a democratic developmental state. Thus, the transformation of the institutional architectures of African states is a major prerequisite for the establishment of a democratic developmental state (UNCTAD, 2009 cited in Gedion, 2014: 21).

As a result, creating democratic/ good governance institutions which promote the rule of law, equality and justice is essential. Democratic governance is a critical condition for a successful human development and for the eradication of absolute poverty. Botswana continues to enjoy the reputation of an impressive model country on good governance in Africa (UNDP, 2014: 8). International assessments continue to place Botswana highly and positively in governance-related assessments and indices (ibid). According to the 2014 Ibrahim Index of African Governance (IIAG)¹⁵, Botswana is ranked 3rd out of 52 countries scoring 76.2 out of 100 on

¹⁵The Ibrahim Index of African Governance (IIAG) quantitatively measures the quality of governance in African countries by defining governance as the provision of the political, social and economic public goods and services that a citizen has the right to expect from his or her state, and that a state has the responsibility to deliver to its citizens. The governance framework has been constructed to have four dimensions (or categories); namely, safety

over all governance; safety and rule of law, participation and human rights, sustainable economic opportunity and human development. Moreover, Botswana's score is higher than the African average of 51.5 and the regional average for southern Africa of 59.3 (IIAG, 2014). However, despite this and many indications, more attention is needed to improve public service delivery and improve gender representation at both public and political leadership levels (UNDP, 2014: 8).

According to Maipose (2003), good governance record, underlined by relatively well-institutionalized private property values, multi-party political system and the quality of the country's political leadership, is an important factor which explains good management in Botswana. Striving to enhance this form of institutional development was and continues to be crucial for better and more accountable government, which maintains freedom of speech, press and association, and respect for property rights, rule-based governance and independent Judiciary. A participatory and transparent political system has combined with the good and disciplined political leadership to moderate/limit, the incidence of corruption.

According to Asayehgn (2012: 9), the Ethiopian People's Revolutionary Democratic Front (EPRDF) appears to be implementing, simultaneously, the twin-tracked approach of democratization and developmental state. The EPRDF ruling party in Ethiopia constantly argues that it is applying fair, good governance and equitable administration, as well as fair judicial and electoral practices so that Ethiopia appears to be a democratic developmental state. Various opposition groups, on the other hand, feel that because Ethiopia is strongly centralized, the ruling party is using democratic governance as window dressing. With regard to the democratization process, there exist constitutional and legal guarantees relating to respect for civil and political rights, human rights and effecting punishment against perpetrators of violations. Indeed not only is democracy critical for Ethiopia but it is also the sole guarantee for the survival of this multi-national, multi-religious and multi-cultural national/ state (APRM Ethiopia Report, 2011 cited in Gedion, 2014: 16). Nonetheless, there is gap in translating the laws into action in the country. For instance, the electoral system and process have been underpinned by diminishing political space for opposition parties, and irregularities and deficiencies (UNECA's Ethiopian African

and rule of law, participation and human rights, sustainable economic opportunity and human development. These categories are made up of a total of 14 sub-categories (IIAG, 2014).

Governance Report, 2004 cited in Gedion, 2014: 16). The 2012 UNECA's Ethiopian governance report also uphold the same idea indicating that the role of non-state actors like civil society organizations, the media, and the private sector in promoting accountability, transparency, enjoying freedom and participating in policy making is very minimal (Ibid: 20).

Dr. Kassahun also strengthens this argument by saying that, the rule of law is debatable in Ethiopia. It is there in the paper but, in practice it is violated both by the government and others also.¹⁶ Generally, there are several challenges that the Ethiopian government would need to address as the preconditions for establishing a democratic developmental state. The most notable political problems are weak commitment to the democratization process, corruption and weak civil liberties (Gedion, 2014: 19). According to the 2014 IAG, Ethiopia is ranked 32nd out of 52 countries scoring 48.5 out of 100 on over all governance; safety and rule of law, participation and human rights, sustainable economic opportunity and human development. Ethiopia's score is lower than the African average of 51.5 and is equal with the regional average for East Africa 48.5 (IAG, 2014).

As noted by Kelsall (2013), although the regime is making strong progress on addressing the social and economic dimensions of development, it performs consistently poorly in the field of civil liberties and at some stage the regime needs to open up (Kelsall, 2013 cited in Gedion, 2014: 19). The country's federal arrangement is also criticized for overemphasizing on ethnic identities, privileging them over other identity types and in the process heightening tension and conflict (APRM Ethiopian Report, 2011 cited in Gedion, 2014: 19). According to Dr. Kassahun¹⁷, Ethiopian nationalism is required to build a developmental state in Ethiopia. But, the EPRDFs policy and the current political condition promote ethno nationalism or micro-nationalism is getting prominence and it's a challenge.

According to the UNDP (2012: 15), given the fact that the transition to democracy is taking long and twisting routes, the developmental state to be constructed in Ethiopia is bound to push the agenda of democratic transitions as well as economic transformation. This is partly a necessity because the developmental state in Ethiopia needs the legitimacy, the credibility, and the competence that comes from its democratic credential. To lead the transformation emphatically

¹⁶Interview with Dr. Kassahun Berhanu

¹⁷ ibid

in an authoritative and binding manner, it is commanding that the state work on the democratization agenda as well as the developmental agenda without prioritizing one over the other. As to Dr. Kassahun¹⁸, the Ethiopian developmental state needs to be democratic for it to become participatory and legitimate. In addition to democratic/good governance, establishing institutions and a bureaucracy that is uncorrupt and at the same time which fights corruption is also very critical in order to build a democratic developmental state.

According to Transparency International (2015), corruption doesn't just steal resources from the most vulnerable; it undermines justice and economic development and destroys public trust in government and leaders. If countries manage to keep corruption under control, their relative performance and policy outcomes improve (World Bank and IMF, 2006 cited in Fritz and Menocal, 2003: 7). At the same time, there is ample evidence that corruption causes disproportionate hardship for poorer groups; as the burden of bribes either makes services unaffordable or takes a larger share of income, produces uncertainty and contributes to a weakening and loss of legitimacy of the state (Fritz and Menocal, 2003: 7). It is also clear that some forms of corruption are more harmful than others and that when corruption becomes predatory and pervasive it can not only damage but also disrupt development efforts (Jain, 2001 cited in Fritz and Menocal, 2003: 7).

As stated by Samatar (1999 cited in Mogalakwe, 2003: 86), Botswana has eluded the rampant corruption and mismanagement that has bedeviled most third world countries and all these developments have taken place in an environment of a genuinely functioning liberal democratic system. According to the Transparency International's Corruption Perception Index (CPI),¹⁹ Botswana ranked among the least corrupt countries. In 2014, Botswana was ranked 31st in the world and 1st in Africa scoring 63 out of 100 (Transparency International, 2015). In contrast, Ethiopia is ranked among the most corrupt countries in the world. In 2014, Ethiopia was ranked 110th in the world and 20th in Africa scoring 33 out of 100 (Ibid).

¹⁸ Ibid

¹⁹ The Corruption Perception Index (CPI) ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a series of 0 (highly corrupt) to 100 (very clean). A country or territory's rank indicates its position relative to the other territories and countries in the index. This year's (2014) index includes 175 countries (Transparency International, 2015).

Rampant corruption in Ethiopia would pose a problem in development prospects (Gedion, 2014: 20). According to the CPI, the performance of Ethiopia like many African countries in corruption control barely improved in the past seven years. Since 2005 the country is perceived to be corrupt and failed to improve its ranking considerably. Hence, corruption diverts resources that can be utilized to satisfy the basic needs of Ethiopia and achieve sustainable development (ibid). In Ethiopia, new areas of economic opportunity, such as telecommunications and pharmaceuticals, appear to be particularly vulnerable, while land management, tax, procurement, and custom are other problem areas. While there is evidence that very bad offenders are quietly disciplined, a certain level of enrichment is widely regarded as acceptable (Kelsall, 2013 cited in Gedion, 2014: 20).

The Ethiopian developmental state has played an important role in bringing notable economic growth in the country, yet it has failed to contain the rampage of rent seeking behavior and practice which is overrunning the structure of governmental apparatus at alarming pace (Befekadu, 2013). Rent-seeking is an attempt to obtain economic rent by manipulating the social or political environment in which economic activities occur, rather than by creating new wealth. Rent seeking destructiveness stems from the fact that it diverges and wastes the necessary resources which otherwise could be used to fuel the economy (ibid).

As noted by Mbaku, bureaucratic corruption is one of the rent seeking behaviors in developing countries and it involves several kinds of activities. In addition to accepting bribes from individuals and groups seeking government favors, bureaucratic corruption also includes theft or the illegal appropriation of public resources by the civil servant, nepotism, illegal taxation by the bureaucrat, and other types of activity that illegally increase the bureaucrat's compensation package (Mbaku, 1990 cited in Befekadu, 2013). Rent seeking poses a threat to the credibility and legitimacy of a government itself and can decay government structures and capacity. And has unmitigated negative effect on the hard work of any nation to achieve political and economic development (Befekadu, 2013).

In a developmental state, government intervention in the economy opens a wide door for misuse of state power and embezzlement of public assets by government officials. Fraud, embezzlement, coercion, nepotism and theft are believed to be the principal features by which corruption has manifested in Ethiopia (Federal Ethics & Anti-Corruption Commission (FEACC) cited in

Befekadu, 2013). According to FEACCs expert analysis of the civil service reform program and some other sources, poor governance, lack of accountability and transparency, lack of clear regulations and authorization, low level of institutional control, extreme poverty and inequity, and centralization of authority and resources are the major causes of corruption in Ethiopia (ibid). Despite well-crafted and sound policies, which are intended to reform inefficient and un-transparent civil service system, real improvement has been elusive and acceptable moral and ethical values are violated without juridical repercussion (Befekadu, 2013). Ethiopia's government is well aware of the problem of rent seeking in the country and sees it as one of its major challenges. According to Tamrat²⁰, Ethiopia's economy is in transition and as a result rent seeking political economy is getting an upper hand and this is a major challenge for the democratic developmental state that the country is building. However, the commitment and ability of the government for fighting rent seeking is something to be seen in the future.

Finally, in addition to the challenges that African states face in building a democratic developmental state such as leadership commitment, bureaucratic autonomy and efficiency, effective national development planning, social policy and institutional capacity, they would also encounter another challenge in the current global system.

According to Tamrat²¹, globalization and the hegemonic neo liberal ideology are challenges to the developmental state that is being built in Ethiopia for they stand against the ideology of a developmental state. As also noted by UNECA, the establishment of a functioning and capable democratic developmental state in Africa would encounter several challenges at the global level. Chief among these are the inherent unjust and unfair nature of the global trading system; the institutionalization of the dominance of the North through economic institutions like IMF, World Bank and WTO (UNECA, 2013 cited in Gedion, 2014: 22).

The other major challenge is the current global economic crisis and its adverse effects on African countries given the nature of the economies (ibid). According to the world fact book, diamond mining accounts for more than one-third of GDP, 70-80 % of export earnings in Botswana and about one-third of government's revenues. Botswana's heavy reliance on a single luxury export was a critical factor in the sharp economic contraction of 2009, with the industrial sector

²⁰Interview with Ato Tamrat Dejene.

²¹ Ibid

shrinking by 30 %, after the global crisis reduced demands for Botswana's diamonds (the World Fact Book, 2014). Nevertheless, the effect of financial crisis in Ethiopia has not been visible as such (UNECA, 2013 cited in Gedion, 2014: 22).

Chapter Five: Prospects of building a developmental state in Africa

Globally, the neo-liberal development model has failed and did not bring the expected development outcomes. Thus, given its failure, it would be appropriate for African states to experiment with the democratic developmental state model (Gedion, 2014: 23). According to Dr Sunday²², there is very high prospect for Africa to develop under the “democratic developmental state” model. Africa is not in the same position like 20 years ago and is now recording fast economic growth and at the same time many African countries are also growing. Africa has the potential to make everybody rich for it is endowed with lots of natural resources. However, very few people are benefiting from this richness. Thus, the population of Africa should stand against corrupt leaders, dictatorship and people who stay in power for too long and there is hope for the future since people (including rural population) have started to challenge authoritarianism and corrupt leaders. The developmental state as to Dr Sunday in Africa is not only feasible but has been in the making and it can be Africa’s way out of poverty, but not only just poverty. Development does not only provide the opportunity to overcome poverty. Development provides us with so many avenues like infrastructure, improvement of social services, good governance and the like. And if Africa registers these notions of developing under a developmental state model, poverty will be out of Africa’s way. However, this process is not an easy process, it takes time and it also takes a lot of resources.

Another opportunity for African states is to increase sub-regional and regional integration, through sub-regional and regional organizations, African states could collectively invest in technological development for the purpose of establishing an industrial base as the process of industrialization is an expensive one, collaboration would therefore reduce the cost (Janneh, 2012 cited in Gedion, 2014: 23). In addition, through the various sub regional and regional organizations, African states could undertake joint development projects that would benefit the member states such as energy generation, trans-Africa road construction and also in the areas of education and health. At the continental level, Africa has currently half a trillion dollar in reserves, strictly around \$ 510 billion, which is greater than the reserves of India and Brazil. Africa then must invest some amount of its reserves in an Africa infrastructure Bond (Ibid).

²²Interview with Dr Sunday Okello, Associate Professor of peace and security in Africa at the Addis Ababa University.

According to Tamrat²³, Ethiopia's integration with neighboring countries economically and through infrastructure is seen as one of the country's future prospects for it will bring an opportunity to develop.

African countries can also benefit a lot from the emerging South-South cooperation in many ways. First, African states can learn from the developmental state experiences of East Asian countries that have made remarkable progress in the area of industrialization and democratization. Second, African states may get cooperation assistance for infrastructure and industry through investment and agriculture as well as human resource developments from emerging economies from the South. For instance, the development assistance from China and India to Ethiopia is hailed as the answer to Ethiopia's key economic challenges, especially in the country's massive infrastructure deficit. In the transportation sector, currently over 70% road construction projects in Ethiopia are financed and carried out by Chinese construction Companies. India is also emerging to be a major player in the Ethiopian economy, particularly in sugar development, infrastructure and agriculture sectors (Gedion, 2013: 20). Third, African states could collaborate with other states in the South in developing and strengthening the bargaining position with the countries of the North in the effort to restructure the global political economy (UNECA, 2013 cited in Gedion, 2014: 24).

According to UNDP (2014), Botswana continues to be the example for many in sub-Saharan Africa on many fronts. It is now an upper middle income country and have recorded five year economic growth rate of 9 % between 2008 and 2012. Botswana's development agenda has been shaped by both the internationally agreed set of development goals, the MDGs, and its own short and long term goals pronounced through its vision and national development plans. Through a combination of strong social programs and production activities in addition to continued investment in physical and social infrastructure, the country has made progress towards meeting the MDG targets. Botswana achieved the global target of halving the proportion living below the poverty datum line already in 2010. The trend so far also shows that there is a likelihood of achieving the targets of universal primary education and child mortality reduction (Ibid).

²³Interview with Ato Tamrat Dejene

There are some major opportunities and achievements in the emerging Ethiopian developmental state. Internally, there is an impressive GDP growth in the past one decade, which has a spillover effect like a reduced level of poverty. Poverty in Ethiopia is reducing at one of the fastest rates in the world. The percentage of the population living below the poverty line also declined from 44 percent in 2000 to 29 percent in 2010 (UNDP, 2010 cited in Gedion, 2014: 22). Efficient use of material and human resources at hand to achieve maximum efficiency and maximize profits to create wealth is crucial. As the country's development is progressing fast the expansion of quality higher education and producing a more professional, university trained work force in the country holds great promise and returns. In this regards, the government of Ethiopia has massively expanded public universities from two public universities in the 1980s to 35 today. At the same time, the number of students in each university has doubled and is expected to double again. For instance, public universities in Ethiopia aimed to increase the number of undergraduate students intake from 185, 788 in 2010 to 467,000 in 2015. (MoFED, 2010 cited in Gedion, 2014: 22-23).

The GTP aims to foster broad based development in a sustainable manner to achieve MDGs. The strategy is not agriculture rather building up on the growth in the service sector and strengthening the sluggish growth in the industrial sector. The economic infrastructure like roads and railways are the focus of some major investment plans as the driver of this ambitious growth strategy which at the end of 2025 is expected to propel Ethiopia among the Middle Income countries (ibid). In this regard, thousands of miles of roads have been built to connect all regions of the country. The number of mobile phone users has increased to eight million and is expected to be more than double in the next few years. This will significantly increase the flow of information, thus, helping create a more informed citizen (Gedion, 2014: 23). There is also a health center within 20 minutes range of every citizen as the government indicated (UNDP Ethiopia, 2012 cited in Gedion, 2014: 23).

The country is on track on five of the eight MDGs by 2015 save gender equality, maternal mortality rate and environmental sustainability (UNDP Ethiopia, MDGs Report, 2012 cited in Gedion, 2014: 23). The encouraging changes reflected in Ethiopia are evidenced in the HDI. The index ranked Ethiopia as the 11th fastest mover of human development globally, having recorded

a significant increase in the HDI from 0.250 in 2000 to 0.328 in 2010 (UNDP, HDI, 2010 cited in Gedion, 2014: 23).

Moreover, African countries may learn lessons since they have shared experiences like colonialism, postcolonial state experiment especially from the two notable developmental state experiences of Botswana and Mauritius (UNECA, 2013 cited in Gedion, 2014: 23).

5.1. Lessons to be learnt from Botswana in building a democratic developmental state in Africa.

Developmental states have differed in their evolution, context, trajectory and manifestations. There are therefore cultural and hypothetical individualities in the emergence and nature of developmental states around the world, and so “one size fits all” cannot apply to the engineering and modeling of developmental states in Africa, as elsewhere in the world (ERA, 2011: 97). Developmental states have emerged largely through trial and error and learning by doing, which have no formally designed patterns that aspiring countries can copy. However, while contexts may differ, the concept of the developmental state is a useful analytical tool in explaining the nature and character of states and the tendency for good economic performance by countries, deployed across time and space. It lends itself to a degree of comparative analysis because developmental states have visible, common attributes that can be investigated across countries and over time, even against variations in context (ibid).

According to Meyns, Botswana is a very suitable example in order to take a closer look at the problems and prospects of establishing a developmental state in an African country for it has been referred as a democratic developmental state since the 1970s. (Meyns, 2010: 42). In contrast, the developmental state which is claimed to be democratic in Ethiopia is an emerging phenomenon. Thus, through a comparative analysis of Botswana and Ethiopia, it is possible to examine the challenges and prospects that an emerging and established African states will face in building a democratic developmental state. Moreover, it is possible to draw lessons to be learnt from Botswana to Ethiopia in particular and African countries in general since the former is considered as a success story.

However, there are contrasting views about drawing lessons from states which are considered successful in building a democratic developmental state to emerging countries which aspire to become a democratic developmental state. According to Basiru, each country should pursue

strategies within the context of its own institutional; economic, political and social arrangements (Basiru, 2011: 88). Dr. Merera²⁴ also agrees with this idea and states that, Botswana cannot be an example for Ethiopia. There is no one model. Thus, Ethiopia should learn from its own experience and build a political administration that is built on national consensus.

Tamrat²⁵, however, holds a contrary view to Dr. Merera and says that Ethiopia can learn from stable democracy and peaceful transition of power from Botswana. But, as to him, there is high inequality and ownership of resources by the few in Botswana and this cannot be a lesson for Ethiopia. According to Dr. Kassahun²⁶, Ethiopia can learn keeping traditional institutions and applying the rule of law to some extent. However, it is difficult to compare the two countries. Botswana is a small country but Ethiopia is a diverse nation which is large and has a larger population.

In general, one country cannot emulate the experience of another for each country has its own history, culture, development trajectory and experience. But, one can examine the experience of others and project what challenges and prospects are ahead in following a particular development model. In the case of Ethiopia, analyzing the challenges and prospects of Botswana's democratic developmental state by examining it based on the characteristic features of a developmental state will enable the emerging developmental state in Ethiopia to minimize the possible risks ahead and capitalize on future prospects through drawing possible lessons.

²⁴Interview with Dr. Merera Gudina.

²⁵Interview with Ato Tamrat Dejene.

²⁶Interview with Dr. Kassahun Berhanu.

Chapter Six: Conclusions

State is the most important institution in society for it performs functions that cannot be satisfied by any other entity than the state such as maintaining law and order, security, improving the living standard of people by providing health care and education and the like through intervention. A developmental state is an interventionist state. A developmental state is described as one that promotes economic development as a priority and by placing economic development as a top priority, it intervenes in different economic activities to mobilize resources and bring fast economic growth.

The notion of a developmental state precedes the success of Asian countries but it is their success during the 1970s which brought it back to the developmental agenda. The developmental state in Africa is an outcome of or a response to previous developmental failures encountered by African countries after independence and failure of SAPs which were imposed on African countries by international financial institutions; IMF and the World Bank. The promotion of a developmental state in Africa is essential to tackle poverty and is seen as Africa's way out of poverty for it will enable Africa to overcome various development challenges.

The developmental state can be democratic or undemocratic. Developmental states have existed in democratic Japan and in authoritarian Korea and Taiwan. However, authoritarianism has nothing to do with developmental states. There were and still are many authoritarian states in Africa and elsewhere which are not developmental rather they are impeding the continents developmental efforts. If a developmental state is democratic, it will have an advantage of becoming legitimate and participatory and Africa's developmental states will have to be democratic.

There are contrasting views about the viability of the developmental states in Africa. Some argue that the development success of East Asian countries cannot be replicated in Africa for it is an outcome of unique historical and cultural circumstances. However, proponents of the developmental state in Africa suggest that it is possible to learn from the experiences of East Asian developmental states and adapt those experiences to conditions on the continent. The developmental state can pull out Africa from poverty and ensure democratic governance at the same time for it addresses both issues of development and democratization.

The democratic developmental state in Botswana is considered as successful and exemplary in Africa by many since the 1970s. Being one of the poorest countries in Africa after independence, Botswana recorded one of the fastest economic growth in the world since then. However, lack of economic diversification, natural resource dependence, unequal distribution of resources and HIV/AIDS remain major challenges of Botswana's "democratic developmental state." In contrast, in Ethiopia, the notion of a developmental state is an emerging phenomenon. The ruling party in Ethiopia; EPRDF claims that it is building a democratic developmental state. However, whether the regime has the necessary institutions, policies and capacity is a point to be explored.

Constructing a developmental state in a democratic context in Africa as any other development trajectory has its own challenges. Lack of committed leadership, absence of effective and autonomous bureaucracy, ineffective national development planning and social policy and institutional capacity deficiency are among the major challenges. However, for Botswana, these challenges are not a concern for the country was able to sustain a leadership that is capable and committed, maintain the autonomy of the bureaucracy, devise effective national development planning and social policy (although there are some deficiencies in social policy such as inability to maintain equality and alleviate poverty) and build capable institutions.

In contrast to Botswana, in Ethiopia, although there are notable achievements brought about by the developmental state in economic terms, it has some major challenges to face if it is going to become successful. Lack of leadership commitment which is manifested by mass corruption, ineffective and un-autonomous bureaucracy which resulted from appointment of government functionaries based on ethnic based quota system, and absence of institutional capacity that can ensure good governance and fight corruption are the major challenges of the emerging developmental state in Ethiopia. Regarding national development planning and social policy, the Ethiopian government has effective national development plan and social policy and is also putting a lot of resources to achieve them. However, these policies and plans are not being implemented effectively as expected and this by itself poses a challenge to the developmental state in Ethiopia which is being built.

In addition, globalization and the hegemonic neo liberal ideology which stands against state intervention and the notion of a developmental state also poses a challenge to building a developmental state in Africa including Ethiopia.

In following any type of development trajectory, as there are challenges, there are also possible prospects. The developmental state is not an exception to this and building a developmental state in Africa including Ethiopia has its own prospects. The neo-liberal development model is losing prominence globally and now there is more space than before to try the developmental state model. African countries can now benefit from the South-South cooperation through learning experiences and by the financial assistance they receive. African people are now standing against authoritarianism and demanding democratic governance. Both in Botswana and Ethiopia, there are encouraging results on the achievement of the MDGs.

There is no one model for development that can fit for every country. Countries should follow a development trajectory based on their experience, culture and history. However, countries can also learn from the experience of others and adopt the lessons drawn to their own circumstances. African countries can learn lessons from outside or among themselves for they have shared experiences such as colonialism or post colonialism development failures. Since Botswana's developmental state is successful, Ethiopia can learn some lessons from Botswana such as peaceful transition of power and building institutions.

References

- Asayehegn Desta. 2012. "The Continuing Saga of Globalism: Comparing Ethiopia's Developmental State Strategies to those of Malaysia, Part II." *International Journal of Management Sciences and Business Research*. Vol. 1, Issue 11. Retrieved December 2, 2015. (<http://scolar.dominican.edu/all-faculty>).
- Babbie, E. (2010). *The Practice of Social Research*. Twelfth edition, Chapman University, USA.
- Bagchi, Amiya K. 2000. "The Past and the Future of the Developmental State." *Journal of world systems research*, vol. 5. No. 2. P. 398-442. Retrieved December 2, 2015. (<http://jwsr.ucr.edu>).
- Bagchi, Amya K. 2003. "The Developmental State in History and in the Twentieth Century." Lectures delivered under the auspices of North Eastern Regional Centre of the ICSSR and the North Eastern Hill University, Shillong, New Delhi. Retrieved December 2, 2015. (www.books.google.com.et/books/about/thedsinhistoryandi.html?).
- Basiru, Adeniyi S. 2011. "The African Developmental State in the Age of Global Accumulation Crisis." *Journal of Sustainable Development in Africa*. Volume 13, No.7. Retrieved October 15, 2014. (www.jsdafrica.com/.../the%20African%20Developmental%20state.Adeniyisemiubasiru).
- Befekadu Woldegabriel. 2013. "EPRDF, Developmental State, and Rent Seeking." University of Utah. Retrieved January 9, 2015. (<http://www.meleszenawi.com/ethiopia-eprdf-developmental>).
- Bolesta, A. 2007. "China as a Developmental State." *Montenegrin Journal of Economics*. Vol 3, No. 4. Pp. 105- 111. London School of Economics and Political Science. Retrieved January 9, 2015. (www.repec.mnje.com/mje/2007/v03-n05/mje-2007-v03-n05-a16.html).
- Booth, D. and Mutebi, F. 2014. "How the international system hinders the consolidation of developmental regimes in Africa." Overseas Development Institute, London, UK. (www.odi.org/resources/doc/2415pdf).

- Chang, Ha-Joon. And Evans, P. 2000. "The Role of Institutions in Economic Change." Paper prepared for the meeting of the Other Canon group. Venice, Italy. Retrieved December 14, 2014. (<https://dagoodtown.files.wordpress.com/2011/05/ch5-chang-evans-remaining.pdf>).
- ECA. 2013. "The Developmental State: What Options for Africa?" An Issues Paper. Addis Ababa, Ethiopia. United Nations Economic and Social Council. Retrieved October 20, 2014. (www.uneca.org).
- Edigheji, O. 2005. "A Democratic Developmental State in Africa?" A concept paper. Centre for Policy Studies. Retrieved January 15, 2015. (www.cps.org.za).
- ERA. 2011. "Governing development in Africa: the role of the state in Economic Transformation ."Addis Ababa, Ethiopia, United Nations Economic Commission for Africa. Retrieved December 30, 2014. (www.uneca.org/publications/economic-report-africa-2011).
- Evans, P. 1995. *Embedded Autonomy, States and Industrial Transformation*. Princeton University Press. Princeton, New Jersey.
- Fritz, V. and Menocal, R. 2006. "(Re) building Developmental States: From Theory to Practice." Overseas Development Institute, London. Retrieved December 20, 2014. (www.odi.org/resources/docs/2328pdf).
- Gedion Gamora. 2014. "Developmental State in Africa: The Emerging Experience of Ethiopia". *A Paper accepted by the Ethiopian Economic Association for July 2014 Conference, Presentation and Subsequent publication.*
- Ghelawdewos Araia. 2006. "Reflections on African Development: Dead Ends and New Beginnings." Retrieved December 20, 2015. (<http://www.africanidea.org/InstituteForDevelopmentandEducationforAfrica>).

- Habtamu Alebachew. 2011. "Perspectives on Mele Zenawi's African Development: Dead Ends and New Beginnings." Retrieved January 2, 2015. (aigaforum.com/articles/perspectives-on-meles-zenawi.pdf).
- Hillbom, E. 2011. "Botswana: A Development-Oriented Gate Keeping State". *Oxford Journals, African Affairs*. Vol. 111, Issue. 442. Pp. 67-89. Retrieved January 2, 2015. (<http://afraf.oxfordjournals.org/content/111/442/67.abstract>).
- Ibrahim Index of African Governance: Country Profiles. 2014. Retrieved January 5, 2015. (www.moibrahimfoundation.org/downloads/publications/2014/2014-iiagdata-portal.xls).
- Leftwich, A. 2008. "Developmental states, effective states and poverty reduction: The primacy of politics." United Nations Research Institute for Social Development (UNRISD) Project on Poverty Reduction and Policy Regimes. Department of Politics, University of York. Retrieved December 15, 2014. (www.unrisd.org/80256B3C005BCCF9/search/EE2D4DF655F6077BC1257A5D004C7E5E?opendocument).
- Maipose, S. 2003. "Economic Development and the Role of the State in Botswana." *DPMN Bulletin*: Volume X, Number 2. Retrieved January 2, 2015. (www.dpmf.org/images/Botswana-ecdevtmaipose.html).
- Meyns, P. and Musamba, C. 2010. "The Developmental State in Africa: Problems and Prospects" *INEF Report 101*. Institute for Development and Peace. University of Duisburg Essen. Retrieved October 20, 2014. (<http://inef.uni-due.de>).
- Meyns, P. 2010. "Botswana-a Developmental State in Africa." In Peter, Meyns and Charity, Musamba (eds.). *The Developmental State in Africa: Problems and Prospects. INEF Report 101*. Institute for Development and Peace. University of Duisburg Essen. Retrieved October 20, 2014. (<http://inef.uni-due.de>).

- Ministry of Finance and Economic Development (MoFED). 2006. "Ethiopia: Building on progress. A plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/06-2009/10." Vol.1: main text. Addis Ababa. Retrieved November 24, 2014. (<http://plan-ipolis.iiep.unesco.org/upload/Ethiopia-PASDEP-2005-2010.pdf>).
- Mkandawire, T. 2001. "Thinking about developmental states in Africa." *Cambridge Journal of Economics*. Vol. 25, No. 3. Pp. 289-313. Cambridge Political Economy Society. Retrieved January 2, 2015. (<http://rojasdatabank.info/mkandawire.pdf>).
- Mogalakwe, M. 2003. "Botswana: An African miracle or a case of mistaken identity?" Review article. *Pula: Botswana Journal of African Studies*. Vol. 17, No. 1. Pp. 85-94. University of Botswana. Retrieved January 2, 2015. (<http://archive.lib.msu.edu/Dmc/Africanjournals/pdfs/PULA/pula017001pdf>).
- Musamba, C. 2010. "The Developmental State Concept and Its Relevance for Africa." In Peter, Meyns and Charity, Musamba (eds.). *The Developmental State in Africa: Problems and Prospects. INEF Report 101*. Institute for Development and Peace. University of Duisburg Essen. Retrieved October 20, 2014. (<http://inef.uni-due.de>).
- Oniş, Z. 1991. "The Logic of the Developmental State." *Comparative Politics*, Vol. 24, No. 1. P. 109-126. University of New York. Retrieved October 20, 2014. (<http://www.jstor.org/stable/422204>).
- Ritche, J. and Lewis, J. 2011. *Qualitative Research Practices*. Sage Publications Ltd, London.
- Samuel Kenha. 2011. *Impact of Ethnic Federalism in Building Developmental State of Ethiopia*. A Masters Research Paper. The Hague, Netherlands. Retrieved January 2, 2015. (<http://thesis.eur.nl/pub/10713>).
- Taylor, I. 2003. "Botswana as a Developmental State" *Pula: Botswana Journal of African Studies*. Vol.17, No. 1. Pp. 37-50. University of Botswana. Retrieved January 2, 2015. (archive.lib.msu.edu/Dmc/Africanjournals/pdfs/PULA/pula07001pdf).

- Taylor, I. 2002. "Botswana's Developmental State and the Politics of Legitimacy." Paper prepared for international conference. University of Sheffield, United Kingdom. Retrieved January 2, 2015. (archive.lib.msu.edu/Dmc/Africanjournals/pdfs/PULA/pula07001pdf).
- Tesfaye Habbiso. 2010. "The Challenges of Building a Democratic Developmental State". Retrieved January 15, 2015. (aigaforum.com/articles/towards-building-developmentalstate.html).
- Transparency International Corruption Perception Index. 2015. Retrieved January 15, 2015. (www.transparency.org/cpi2014).
- Tsehai Alemayehu. 2009. "The Ethiopian Developmental State: Requirements and Perquisites." *Journal of Business & Economics Research*, Volume 7, Number 8. Savannah State University, USA. Retrieved November 20, 2014. (new.cluteinnstitute.com/ojs/index.php/JBER/article/view/2118).
- UNCTAD. 2007. "Economic Development in Africa: Reclaiming Policy Space; Domestic Resource Mobilization and Developmental States". United Nations, Geneva. Retrieved January 15, 2015. (UNCTAD.org/en/Docs/aldcafrica2007-en.pdf).
- UNDP. 2012. "Democratization in a Developmental State: The Case of Ethiopia Issues, Challenges, and Prospects". *Development Brief*, No. 1. UNDP Ethiopia. Retrieved November 24, 2014. (www.et.undp.org).
- UNDP. 2014. "UNDP Botswana 2013/2014 Annual Report." Retrieved January 5, 2015. (www.bw.undp.org).
- World Fact Book: Botswana. 2014. Retrieved January 15, 2015. (<https://www.cia.gov/library/publications/the-world-fact-book/countrypdf-bc.pdf>).
- World Fact Book: Ethiopia. 2014. Retrieved January 15, 2015. (<https://www.cia.gov/library/publications/the-world-fact-book/countrypdf-et.pdf>).

Key Informants

Kassahun Berhanu (PhD)

Associate Professor, Department of Political Science and International Relations, Addis Ababa University.

Merera Gudina (PhD)

Associate professor, Department of Political Science and International Relations, Addis Ababa University. He is currently deputy chairman for the opposition party MEDREK and chairman of Oromo National Congress.

Ato Tamrat Dejene

Director General of the Media diversity directorate at the Government Affairs Communication Office.

Sunday Okello (PhD)

Associate Professor, Institute of Peace and Security Studies (IPSS), Addis Ababa University.

Appendix

Interview Guide

Interview Guide 1²⁷

1. Is the developmental state feasible in Africa? And can it be Africa's way out of poverty and/or is it the most appropriate state form for Africa?
2. Is there a threat that induces Africa to follow the developmental state path?
3. What are the challenges of building a developmental state in Africa?
4. What opportunities are there to build developmental states in Africa?
5. Are the developmental state and democratic forms of governance in Africa compatible?
6. What does the prospect look like in building a developmental state in Africa?

Interview Guide 2²⁸

1. Why has Ethiopia opted to become a developmental state? Is it internally induced or externally induced? And do we need the developmental state model to transform the country's economy?
2. What are the challenges that the developmental state in Ethiopia is facing?
3. What is the nexus between developmental state, federal state and democratic governance in Ethiopia?
4. Has Ethiopia benefited from the developmental state model? If yes, what are those benefits?
5. What are the prospects of building a developmental state in Ethiopia?
6. What lessons can Ethiopia learn from Botswana in building a developmental state that is democratic?

²⁷ Interview guide one is used to interview an expert on Africa from AAU on the developmental state in Africa in general.

²⁸ Interview guide two is used to interview an academia from AAU, an opposition party leader and government representative from Government Communications Affairs office.

Declaration

I, the undersigned, declare that the thesis is my original work, has not been presented for a degree in any other university and that all the sources of materials used for the thesis have been duly acknowledged.

Declared by:

Name _____

Signature _____

Date _____

Confirmed by:

Name _____

Signature _____

Date _____