



UNRAVELING ETHIOPIA’S HOMETGROWN ECONOMIC REFORM: A REBRANDED
STRUCTURAL ADJSUTMENT PROGRAM OR AN INDEGENIOUS NEW ECONOMIC
MODEL?

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Title Page

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COLLEGE OF DEVELOPMENT STUDIES

DECLARATION

I, Ashenafi Endale, declare that this thesis entitled “Unraveling Ethiopia’s Homegrown Economic Reform: A Rebranded Structural Adjustment Program or An Indigenous New Economic Model?” is my original work. I confirm that this research has not been submitted, in whole or in part, to qualify for any other academic degree at any university. All sources of materials used for the thesis have been duly acknowledged.

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ADVISOR STATEMENT OF APPROVAL

I hereby certify that the thesis titled “Unraveling Ethiopia’s Homegrown Economic Reform: A Rebranded Structural Adjustment Program or An Indigenous New Economic Model?” was conducted by Ashenafi Endale as part of the requirements for the completion of the Master of Arts in Regional and Local Development Studies at Addis Ababa University. I confirm that this thesis represents an original piece of work and has been submitted with my approval.

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UNRAVELING ETHIOPIA'S HOMEGROWN ECONOMIC REFORM: A REBRANDED STRUCTURAL ADJUSTMENT PROGRAM OR AN INDEGENIOUS NEW ECONOMIC MODEL?

This thesis research paper is prepared by Ashenafi Endale and submitted to the Center for Regional and Local Development Studies in partial fulfillment of the requirements for the Master of Art in Regional and Local Development Studies.

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ACRONYMS

AfDB	African Development Bank
DAG	Development Assistance Group
EPRDF	Ethiopian People's Revolutionary Democratic Front
ETB	Ethiopian Birr
GoE	Government of Ethiopia
GRA	General Resources Account
GTP	Growth and Transformation Plan
HERA	Home-grown Economic Reforms Agenda
HGER	Homegrown Economic Reform
ICT	Information Technology and Communication
IFIs	International Financial Institutions
IMF	International Monetary Fund
LDC	Least Developed Countries
MoF	Ministry of Finance
MoPD	Ministry of Planning and Development
NBE	National Bank of Ethiopia
PM	Prime Minister
PP	Prosperity Party
PRGT	Poverty Reduction and Growth Trust
SAP	Structural Adjustment Program
SDG	Sustainable Development Goals
SOEs	State Owned Enterprises
TNCs	Transnational Corporations
TYPP	Ten Years Perspective Plan
WB	World Bank

ABSTRACT

This research work attempts examining Ethiopia's economic development approaches in post-2018 political reform, in light of Neoclassical Growth Model. Empirical reviews show successful development stories epitomized 'Homegrown Development Models', whether borrowed or fully home-made ideology. Drawing on stakeholders' interviews and deconstructing policy documents, qualitative and empirical approaches employed to investigate whether the 'Homegrown Reform Program' is endogenous or emulated from Washington Consensus. Government respondents stressed it is endogenous, justifying it is planned by Ethiopians ('Home-owned') and acutely addresses Ethiopia's economic problems. Non-governmental respondents argued it is neither 'Home-owned', nor 'Home-made.' They agree on economic open-up and shift towards market-economy, but driven by domestic private sector, not by FDI. As per Solow's Neoclassical Growth model, open-up might be critical for Ethiopia, in a bid to boost foreign investment and technology inflow. The research affirmed needs of genuine 'Homegrown development model' contextualizing Ethiopia's heterogeneous society and federal structured system, which dictates factors of productions.

Key words: Homegrown, Ethiopia, SAP, developmental state, IMF

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Years of social movements and political unrests led to Ethiopia's political reform in April 2018. The country was facing challenges ranging from business slowdowns to conflicts and clashing narratives stemming from identity politics. In a bid to resolve those challenges, the new administration had to embark on plethora of reforms aimed at ensuring inclusive political space, and address macro-economic distortions, among others.

To this end, the new administration of Prosperity Party, introduced the Homegrown Economic Reform (HGER) in 2019. The three years program, which is derived from the Ten Years Perspective Plan (TYPP), aimed at addressing the economic challenges at macro, structural and sectoral levels. However, the reform years have seen unprecedented setbacks particularly the Covid19 pandemic, protracted conflicts, climate fluctuations and later the global supply chain disruptions due to the Ukraine-Russia war and conflict in Gaza strip, which also spiraled to the red-sea trade highway.

Though the power transition in 2018 was somehow smooth, the post-2018 years were not as stable as aspired. As the new incumbent administration forms a new political party of Prosperity Party, its predecessor (EPRDF), which continued administering Tigray regional state after losing the federal power after 27 years of rule, was not on-boarded with PP. The frictions finally led to the northern Ethiopia conflict, which took place between November 2020 and 2022. This conflict inflicted serious damage on the economy, apart from imprinting dark memory on the nation's history. Apart from diverting resources from development investments towards conflict spending, the war disrupted the implementations of the economic reform programs.

One of the stark contrast between EPRDF and PP in the economic realm, is their approaches to development. EPRDF adopted developmental state model, while PP introduced Pragmatism as its approach to realize Ethiopia's economic aspirations. Under the Pragmatism approach and HGER/TYPP programs, the new administration of PP aspired to shift the economy towards

market-oriented system where the private sector plays crucial role in the economy. The new administration rationalized this departure, saying EPRDF's developmental state allowed heavy state hand in the economy, shrunk the private sector role, and distorted the economy by hampering productivity and supply side of the economy. In order to correct those distortions and rebalance, the new administration embarked on measurements of opening up the economy both for domestic and foreign investors.

Ethiopia's development ideology and programs in post-2018, are featured with open up of the most protected sectors like financial industry, telecom and other several measures like lifting subsidy of fuel, currency non-stop devaluation, and cuts in public investments in capital projects. Yet, the state's interventions in the economic and markets activities, still remain intact.

1.2 Statement of the Problem

There have been different perspectives and arguments regarding which development model is commendable given Ethiopia's political economy context. The new administration adopted Pragmatic approach, deviating from its predecessor's developmental state model. Despite the post-2018 reform measurements aspiring to shift the economy from state-led to market-led development approach, at the same time there are signs that indicate the post-2018 administration is taking measurements that deepen the state involvement in the economy.

The other gap observed, is albeit the reform programs dubbed 'Homegrown', its contents and gaps exhibit similarities with neoliberal economic approaches, particularly Structural Adjustment Program of IMF. Number of research papers (Bayisa 2021, Tsegab, Ayele (2019), Zinabu (2019)) enquired whether HGER/TYPP is really a 'Homegrown' model or IMF prescription. However, apart from reflections and comparing the reform measurements of HGER/TYPP and SAP, available materials did not provide evidences. There is also a gap of examining Ethiopia's reform measurements and new development approach in the light of selected development models and theories.

Adedeji(1999), argued post-regime-change economic reforms in Africa often are difficult mainly because the quest slips from economic demands back to nation building. The complication of nation building with economic reform efforts, keeps the new governments busy, and eventually

leads to failure of the reforms efforts. Hence, understanding the genesis and principles of the reform, clarifies Ethiopia's path, and addresses reform implementation challenges.

1.3 Objective of the Study

1.3.1 General Objective

The general objective of this study is to examine Ethiopia's post-2018 economic development model and investigate whether the post-2018 Homegrown Economic reform is endogenous model or emulated from Washington Consensus.

1.3.2 Specific Objective

The specific objective of this study is:

1. To review the development policy making trend in post-2018 power change in Ethiopia, and assess the genesis of the 'Homegrown Economic Reform' and its measurements.
2. To examine the justifications of the post-2018 'Homegrown Economic Reform' and its contextualization of Ethiopia's actual economic challenges and development aspirations.
3. To analyze the economic, social, and political impacts of HGER/TYPP and the role of the model HGER/TYPP in macro economy of Ethiopia since the new 2018 economic reform.

1.4 Research Questions

1. Is the HGER/TYPP formulated indigenously or emulated from Washington Consensus?
2. Does the 'Homegrown Economic Reform' measurements suffice 'Homegrown' definition and fit Ethiopia's actual economic challenges and development aspirations?
3. What are the tangible impacts HGER/TYPP brought in terms of economic, social and political aspects, in comparison with SAP?

1.5 Significance of the Study

The rationale of this study, is to clarify the ambiguities arising from Ethiopia's post-2018 Homegrown Economic Reform Program and IMF's Structural Adjustment Program. Understanding the genesis of the reform program and its principles; is critical to understand the source of the implementation challenges the reform program suffers. Empirical evidences of

21st century development success stories herald the importance of Homegrown models. Various development models, theorize the need of foreign investment inflow and technology adoption to leapfrog. Ethiopia is also poised to reconcile the concept of Homegrown, amidst globalization and internationalization of factors of production. Hence, knowing the nature of Ethiopia's post-2018 Homegrown program, is crucial to understand the gaps, directions and challenges.

1.6 Scope of the Study

1.6.1 Thematic Scope

The scope of the study encompasses the process and practicality of adopting development models in Ethiopia. To this end, developmental state model, and market based economic development approach, the two controversial models applied in Ethiopia, and the factors behind these models, as well as the implications of their policy instruments, are major parts of this study.

1.6.2 Spatial Scope

The study will be conducted at macroeconomic level. Though Ethiopia is a federal states with dozen of regional states and city administrations, development programs are approved first by the federal government and then implemented across the country by the regional governments and sectoral institutions. Policy adoptions from other peer countries, and dealings with Ifs like IMF and WB are also done by the macro-economic team under the PM office. Hence, the spatial scope of the study will be conducted at national macro-economic level.

1.6.3 Temporal Scope

Since Ethiopia's development ideology often swings between two major camps, the changes between developmental state model and market based economic development approach, will be discussed under the temporal scope.

1.7 Limitations of the Study

The limitation of the study is accessing officially declassified documents and minutes regarding the factors behind PM Abiy Ahmed's administration to prefer SAP over developmental state model or vice versa. Finding the truth why Ethiopian government named it Homegrown, also seems challenging, unless the policy makers themselves speak on the record.

In order to resolve these limitations, advisors, experts and policy makers represented GoE and directly participated in the negotiations with IFIs since 2018, will be discussed. All kinds of MoUs, and minutes entered between GoE and IFIs, must be accessed by the researcher.

1.9 Organization of the Study

The research is organized under five major chapters. The first chapter provides introduction and deliberates on backgrounds. The second chapter offers review of literature to assess the level and status of knowledge in the area. Methodology, research design, sampling techniques and data analysis discussed under the third chapter. Chapter four presents the result and discussion using empirical data. Chapter five discusses conclusions and recommendations. References and annexes are included finally.

CHAPTER TWO

2. LITERATURE REVIEW

In this chapter, published materials on the research area are discussed. This literature review is categorized into three sub-chapters - which are Theoretical Literature review, empirical review and conceptual Framework. Under theoretical literature review, relevant development theories directly linked to development ideologies usually practiced globally and linked to Ethiopia, are discussed. Under the empirical review part, cases of economies that managed to grow relying on Homegrown Economic Development amidst the tempting globalization push-and-pull factors, are discussed.

Conceptual Clarifications and Operational Definitions

- Neoclassical counterrevolution theory: ‘state involvement causes underdevelopment’
- Harrod-Domar model: necessity of saving, investment for economic take-off
- Solow Neoclassical Growth Model: need of saving, investment, labor, technology for take-off
- Laissez-faire: free market economic system
- Homegrown development: growth from within
- Structural adjustment program: - set of market-oriented policies recommended by IMF
- Homegrown economic reform program: Ethiopia’s development plan since post-EPRDF
- Ten Years Perspective Plan: - Ethiopia’s overarching plan covering 2020 to 2030
- IMF program: - defined plans that support IMF finance package
- IMF and Ethiopian article four negotiation: - terms and conditionality IMF demands from countries wishing to access finance financing from the Fund.

2.1 Theoretical Review

2.1.1 Solow Neoclassical Growth Model

The Neoclassical (or neoliberal) Growth Model is an approach that argues economic growth is achieved by economic liberalizations that enables capitalization on both domestic and foreign investment sources. Neoclassicals theorized the major factor impeding development in underdeveloped countries, is the fact governments are heavily involved in economic operations which

they argue distorts markets and deters productivity. They argue state involvement also impedes inflow of foreign investment.

Nobel prize laureate in economics, Robert Solow, added more values to the Neoclassical Growth Model and improved also improved the Harrod-Domar growth model. On top of Harrod-Domar's saving and investment variables, Solow introduced second variable which is labor, and third independent variable, which is technology. Hence, in Solow's neoclassical growth equation, labor productivity and technological progress are also determinant factors, along the necessity for adequate saving and investment.

2.1.2 Neoclassical counterrevolution theory

Emerged in the 1980s, this theory calls for free markets and dismantling of state involvements in economic activities. Proponents of this theory, largely western developed countries, also gained dominant representation in WB and IMF. The central argument of the neoclassical counterrevolution is that underdevelopment results from poor resource allocation due to incorrect pricing policies and too much state intervention by overly active developing-nation governments. Leading scholars of this thought, like Lord Peter Bauer, Deepak Lal, Ian Little, Harry Johnson, Bela Balassa, Jagdish Bhagwati, and Anne Krueger, argued that it is this very state intervention in economic activity that slows the pace of economic growth. The neoliberals argue that by permitting competitive free markets to flourish, privatizing state-owned enterprises, promoting free trade and export expansion, welcoming investors from developed countries, and eliminating the plethora of government regulations and price distortions in factor, product, and financial markets, both economic efficiency and economic growth will be stimulated. Contrary to the claims of the dependence theorists, the neoclassical counterrevolutionaries argue that the developing world is underdeveloped not because of the predatory activities of the developed world and the international agencies that it controls but rather because of the heavy hand of the state and the corruption, inefficiency, and lack of economic incentives that permeate the economies of developing nations.

What is needed, therefore, is simply a matter of promoting free markets and laissez-faire economics within the context of permissive governments that allow the "magic of the

marketplace” and the “invisible hand” of market prices to guide resource allocation and stimulate economic development. They point both to the success of economies like South Korea, Taiwan, and Singapore as “free market” examples (although, as we shall see later, these Asian Tigers are far from the laissez-faire neoconservative prototype) and to the failures of the public-interventionist economies of Africa and Latin America.

The neoclassical counterrevolution can be divided into three component approaches: the free-market approach, the public-choice (or “new political economy”) approach, and the “market-friendly” approach. Free-market analysis argues that markets alone are efficient—product markets provide the best signals for investments in new activities; labor markets respond to these new industries in appropriate ways; producers know best what to produce and how to produce it efficiently; and product and factor prices reflect accurate scarcity values of goods and resources now and in the future. Competition is effective, if not perfect; technology is freely available and nearly costless to absorb; information is also perfect and nearly costless to obtain. Under these circumstances, any government intervention in the economy is by definition distortionary and counterproductive. Free-market development economists have tended to assume that developing-world markets are efficient and that whatever imperfections exist are of little consequence.

2.1.3 Developmental State Model

Developmental state model is considered a fast-track development path in which the government takes the driving seat in development activities. Under developmental state approach, the private sector has limited room, while the state plays crucial roles through state owned enterprises as well as directly running projects through government offices.

John Maynard Keynes, who invented the Keynesian development theory, is a leading American theorist and practitioner. His recommendations helped America to recover from the 1930s great depression. The Keynesian model believes the government should intervene in an economy, especially during downturns. It theorizes the government should have a say in prices as well. The model recognizes that, at times, an economy will have expansions or recessions that change the economic situation. Hence, according to Keynesian theory, economies in post-crisis shocks, need state intervention, not SAP.

Basically, proponents of developmental states stress that the government intervenes only in areas where the private sector investment is deficit. However, in most developing countries like Ethiopia, who tried to implement this model, the state fairly intervenes almost in every operational economy aspect, crowding out the private sector. At the meantime, such bulwark state intervention proven unproductive but ended at becoming highly corrupt and state capture. Nonetheless, especially Asian countries, where the state is highly committed to development pursuit, succeeded to drastically transform their economy under developmental state model.

Other scholars focus on developmental state being an alternative to the dominant neoliberal ideology of the west. The neoliberal approach calls for no or limited government intervention in the market where the market operates under supply and demand principles. Ha-Jun Chang devised the Institutional Political Economy to provide an alternative framework to the neoliberal paradigm arguing that there is no such thing as a free market and that developing countries should not be pressurized to follow neoliberal policies (Musamba&Meyns, 2010) that today's high income countries never pursued in their processes of climbing the economic ladder (Chang &Gershman, 2003).

The Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan), instead of being stuck with the prescription of capitalism or socialism, has formulated a workable approach. In Asian tigers including china, the government spearheaded state capitalism, at the meantime laying the foundation for private sector. The governments, carefully managed protectionism for domestic players, at the same time they are up for international competition and remarkable achievements in export and import substitution.

However, as both the west and east camps, fueled by scramble for global power dominance; scramble to influence the global south, economies like Ethiopia are caught in the middle of ideological clashes. As the result, policy independency and economic sovereignty remains compromised in African countries including Ethiopia. Deng Xioping (1960s), coined "it does not matter whether a cat is black or white, as long as it catches mice." He underscored this to explain argument to proof capitalism or socialism is useless, as long as any of one approach can realize development.

Deng Xioping (1960s), simply summed it up that development is an endeavor that must be left open ended for pragmatic interventions, instead of static subscription to one development approach. But to this end, extremely agile, efficient and effective government and implementation capacity is required.

However, some scholars like (James A. Dorn), argued state-led development may achieve growth, but only by suppressing economic and personal freedom. He argue that such illiberal growth is inconsistent with sustainable development understood in the liberal sense as an expansion of choices open to individuals. The collapse of the Soviet system of comprehensive central planning is a stark reminder that institutions that protect property rights and increase opportunities for exchange are more likely to advance human development than those that deny fundamental rights to liberty and property.

Nobel Laureate economist Amartya Sen also confers with James A. Dorn's rationale. In his book 'Development as Freedom', AmartyaSen states that one should go beyond looking at increases in real income as the end and criterion of development and, instead, look at "freedom." But his definition of freedom includes "the extent to which people have the opportunity to achieve outcomes that they value and have reason to value," such as "the freedom to live long" and "the opportunity to have worthwhile employment" (Sen 2000: 291). He would thus use the power of the state to create "social opportunities" to expand "human capabilities" (Sen 2000: 144).

2.2 Empirical Review of Literature

Under this sub-chapter, practical trends and evidence-based lessons from countries that have implemented grown using Homegrown economic model in the 21st century, will be reviewed.

a) Defining Homegrown

Homegrown Development (HGD), which scholars define as 'autonomy, self-reliance', is an alternative to externally driven development models. This approach corresponds with the endogenous growth theory and the call for indigenous strategy for development. It presupposes the necessity of development planning (Arthur Lewis) and also agrees with the importance of decentralization as propounded by Freiderich Hayek in the Road to Selfdom. But the Bretton Woods Institutions (BWI) defines Homegrown as 'country ownership'. William Easterly (2006)

this as BWI's "one-size fits all" approach and argued Homegrown is the only self-sustaining development strategy that could lift countries from poverty in the long run. Whitfield and Fraser (2009:3), describe 'Homegrown ownership' as a 'degree of commitment shown by recipient governments to implementing the reforms that donors encourage them to adopt' while Johnson (2005) depict it as commitment to implement policy or obligation to accept responsibility for implementing them however the policies were arrived at. According to the World Bank, country ownership means that there is sufficient political support within a country to implement its developmental strategy, including the projects, programs, and policies for which external partners provide assistance.

The essence of HGD is total independence, and autonomy over the development process by the country involved. The key features include but not exclusive to attention to local imperatives and comparative advantages, building effective institutions, and enhancement of local capacity to build self-reliance. Citing the four Asian Tigers, William Easterly (2006) argues with detailed examples that their successes were based on homegrown strategies (Easterly 2006). He defined Homegrown Development (HGD) as "self-reliant exploratory efforts and the borrowing of ideas, institutions and technology from the West when it suits the Rest to do so" (Easterly, 2006: 363). Morgan et al. (2009) define homegrown as leveraging local assets rather than focusing primarily on attracting external investment. Growing from within provides the needed foundation of local assets on which to build (Morgan et. al., 2009).

The Organization for Economic Co-operation and Development (OECD) Policy Insight perspective opine that "homegrown solutions can only be produced from knowledge and policies that are locally generated and context specific" (Datta and Young, 2011:35). Joseph Stiglitz, the Nobel laureate and one time Senior Vice President and Chief Economist of the World Bank, championed the concept of Homegrown model, as solution to the economic predicament; although he consistently used 'country ownership' in his speeches and publications. In both of his now famous anti-SAP public lectures — Stiglitz argue that the Washington Consensus had failed primarily because it conceptualized development in narrow terms (GDP growth) and was characterized by universal technical solutions handed down to developing countries by elites in the international development agencies. His alternative, what he called "a new paradigm for

development” (Stiglitz, 1998: 4) or a new “post-Washington consensus” (ibid: 4) was inclusive economic development where greater emphasis is given to broader participation:

Mohammad Mizanur Rahman, Bangladesh scholar, defined “Homegrown development strategy is the incarnation of the people’s own analysis of development. It gets legitimacy and is strengthened through the direct involvement of the parliament as the major democratic institution that involves the needs of the different constituencies together to make policies context specific. It is devoid of any sort of donor intrusion as loan conditionality at any level” (Rahman, 2012:86). Homegrown therefore is as an approach to development that emphasizes seeking answers from within. It is about having local actors take control of development agenda and process by taking advantage of local institution, resources and draws on local knowledge while appropriating foreign knowledge and technology diffusion. A homegrown development framework is one that is initiated, crafted and implemented by a country with attention to unique local imperatives such as, socioeconomic structures, histories and characteristics. It is contextual and does not, by its nature, presuppose commitment to any ideology, procedure or policy prescription. It implies the absence of external conditionality in any form, but the freedom to borrow, accept, or reject inputs from external sources.

This means, that homegrown development can be market based (Easterly, 2006a, 2006b) or involve significant state direction and intervention (Kalinowski, 2009). The overriding factor is that the country in question controls the development initiative with attention to local imperatives. Hence, such an initiative might borrow ideas from successful foreign models, but without external conditionality and with regard to the home countries’ differences and structures. Hence, “homegrown development” does not necessarily imply that every idea must come from within; rather, it can be an eclectic set of ideas. Fundamentally, by its core essence, homegrown must be initiated, developed, owned and implemented by local stakeholders.

b) Features of Homegrown Development Model

Features of HGD can be summarized in four categories. These are: (i) economic diversification and sensitivity to local imperatives; (ii) broad stakeholder consultation and participation; (iii) building local capacity and institutions; and (iv) Attention to social and human development. In the following sections, we will examine these features in closer detail.

HGD must take into serious consideration local imperatives. Local imperatives include economic advantages, demography, historical and other cultural realities that could stimulate or obstruct development. Local imperatives could be broadly divided into advantages and disadvantages. Nonetheless, recognition of, and sensitivity to local imperatives does not in any way suggest ignoring global structures and trends. Porter (2011), Hall and Soskice (2001), and many others exhaustively shown, optimum performance is achieved when external and internal conditions are complementary (cf. Sachs, Warner, Åslund, and Fischer, 1995).

A broad stakeholder consultation and participation can provide various benefits in the pursuit of HGD in particular, and economic development agendas in general (Baiocchi, et al. 2011; Hickey and Mohan, 2004; Irvin and Stansbury, 2004; McFarlane, 2000; Ostrom, 1990; Stiglitz, 2002). A broad participation helps policy makers to better understand local realities and imperatives. ??? Another benefit of broad-based consultation is that by eliciting ideas from a wide range of stakeholders, there is an increased chance that the policy developed will be more dynamic and effective (Brugha and Varvasovszky 2000). Input from diverse stakeholders can help to refine, hone or sharpen ideas. It can help to detect and avoid hidden errors that could hamper implementation.

HGD also must give attention to local capacity building and institutional arrangement (Easterly, 2006a, 2006b; Kalinowski 2011; Porter, 2011). No country yet has been able to develop without investing in its human capital through education and organizing its core institutions to promote efficiency entrepreneurship and technological innovation (Acemoglu et al., 2012; North, 1990; Rodrik et al., 2002; Williamson, 1975). Hence, it is critically important for any country's take-off that the HGD program must include investing in local capacity building through high quality education, science and technology, developing indigenous ingenuity, entrepreneurship and

innovation. South Korea, Singapore, Israel, India and China are a few of the recent examples of countries that owe their success to building human capital through investment in education broadly and science and technology in particular. It is instructive that most European and American brands of goods are currently made in China and that India exports IT labor to Europe and North America (Arora and Gambardella, 2006).

Dan Senor and Saul Singer, in their famous book, *The Startup Nation* (2011), detailed how Israel's passion for self-reliance coupled with an almost obsessive investment in technological innovation have helped to create "an economic miracle" for the young country. Although De Soto (2003) and few others have placed heavy weight on the role of capital accumulation in Chinese growth, it is often ignored that an equally crucial part was the country's investment in science and education and a determination to transform their institution to incentivize innovation. Many scholars (Acemoglu and Robinson, 2012; Evans, 2005; Ostrom, 1990, 2008; Stiglitz, 1998), have suggested that effective and inclusive institutions are crucial for the success of not just HGD but virtually all model of national economic development.

c) Can Homegrown borrow foreign ideas? Empirical evidences

The notion of a country borrowing developmental ideas and models is not by any means new, argues Patricia (2016). Even western countries' developmental models mostly consist of an amalgam of eclectic ideas derived from both internal and external sources (Dolowitz and Marsh, 1996; Floyd, 2009; Hall, 1993; Hu, 2009; Walsh, 2000). For example, even though the industrial revolution first started in Great Britain and took hold in Europe, economic historians have demonstrated that Great Britain borrowed bits and pieces of ideas and expertise from India to make its textile technology more efficient (Morris, 1963; Temin, 1988; Ward, 1994). When Japan at the end of WWII decided to advance its car industry, it proceeded by borrowing car technology from the USA while modeling its broader technological culture towards Germany (Cole, 1980; Morishima, 1982).

China, although politically "communist", decided to transform its economy beginning in 1978 and in doing so, integrated a number of capitalist economic ideals into its communist political system. The outcome of this unique economic and political experiment is what is known today

variously as the “Hybrid Capitalism”, “Chinese model”, “State Capitalism”, “Parallel Development” and “Bamboo Capitalism” (Cheow, 2005; Yeung, 2003; Crawford, 2000). German technology, Japanese cars, and the Chinese developmental model, are all incarnations of a mixture of developmental ideas adapted from various sources.

In Africa, Botswana offers a striking example of how a country can combine a suite of local and externally borrowed ideas into a coherent HGD strategy. A very poor and landlocked country, with only 100 secondary graduates at independence in 1966 (Acemoglu, et. al., 2002); Botswana managed to transform itself into one of the very few economic success stories in Africa through a local generated development agenda that is mixture of state interventionism and market deregulation (Hjort, 2010; Mogalakwe, 2003). When diamonds were discovered in the country, Botswana initiated its developmental goal with input from invited external technical experts in advisory roles, but the final decision over the content and direction of its development strategy remained in the hands of local stakeholders (Beaulier, 2003). One striking pattern that exists in these countries is that they succeeded in borrowing and adapting external ideas to local reality.

d) Why Africa remains underdeveloped?

Despite several arguments among scholars, there are no agreements why Africa remains underdeveloped (Chabal, 1991). Robert Bates (2008) emphasizes conflict and the lack of democracy, while Collier and Gunning (1997) and Jeffrey Sachs (2005) highlight geography and over dependency on natural resources. Easterly and Levine (1998) claim ethnic diversity and conflicts, while Krugman’s (1998) theoretical analysis links geography with economic growth and development, and the advance of disease as the biggest scourge and obstacle to African development. Others, such as Sandbrook (1985), Rodney (1972), Ake (1996), Englebert (2000), and Acemoglu et al. (2001, 2012) blame colonialism and its trajectories, such as weak institutions.

Western officials and experts propose variety of solutions for Africa, ranging from debt cancellation and injecting more aid to recommending their version of development models. But for Patricia (2016), one of the fundamental problems facing the region is dependent on external abstract development model that does not consider local imperatives. Moreover successful

countries pay little or no attention to external model. Stieglitz (1998) noted SAP is not sufficient for development.

e) Can Homegrown model work for Africa amidst Globalization?

Patricia (2016) concluded, based on evidence from underdeveloped countries, externally driven development framework does not work. And for a country to make headway in socioeconomic progress, an endogenously generated strategy that integrates basic development principles with local characteristics and imperative is needed. Patricia (2016) exemplified Homegrown development frameworks of Nigeria, Rwanda and South Africa to ascertain the extent African countries are taking homegrown approach to development. 'Political and collective will is a critical factor to development whether homegrown or not.'

For the past three decades, the rise of emerging economies especially in South East Asia has defied the traditional thinking of development models. Especially China, India and Brazil, shunned external meddling and have taken indigenous strategy that draws on local knowledge and focuses on what work for them rather than what worked for others.

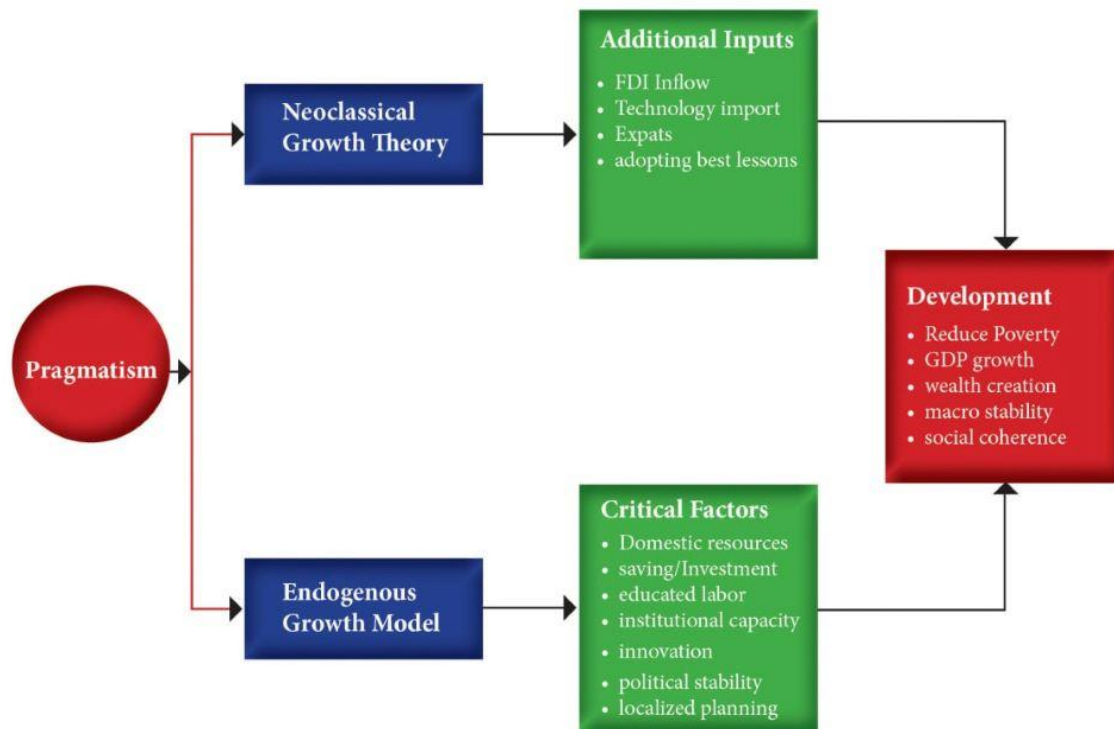
Drawing on these lessons, key stakeholders and development organizations such as the New Partnership for African Development (NEPAD) have called for an African renaissance that articulates 'homegrown' development initiatives to propel African countries' development.

There are three assumptions to recommend 'Homegrown' for Africa, instead of copied development models. First, externally influenced development initiatives have failed in African countries. Second, the newly emerging economies such as China and Brazil are developing through indigenous strategies. Third, Africa is not a homogenous society and therefore demands development approach that takes into account the diversity of each section of the society, their imperatives and comparative advantages.

2.3 Conceptual Framework

Under this sub-chapter, the factors or variables involving different models, how they exploit factors of production, and historical trends in Ethiopia are illustrated.

Figure 2.1 illustrates the interaction of variables required to achieve development. There are two scenarios in this illustration. A country can achieve development using Endogenous Growth Model, if the right mix of domestic knowledge and development ingredients are in place. The second scenario, is where the domestic ingredients are insufficient and the country seeks additional production factors from external, including borrowing best ideas from foreign success stories. This second scenario, which is the perfect amalgamation of domestic and imported development ingredients, makes it Pragmatism.



CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Description of the Study Area

Spread over 1.14 million square kilometer land in the Horn of Africa, Ethiopia is home to the second largest population in Africa, next only to Nigeria. Despite proximity to the red-sea, Ethiopia is a landlocked country, which is also a significant factor for its development endeavors. Bestowed with diversified nationalities, Ethiopia is a federal system, with the central government seated in AddisAbaba. Development is usually planned from by the federal government and passed down for regional states and sectoral institutions for the implementation. Development plans regarding all macro-economic issues, are planned by the federal government. Almost all of the institutions are located in Addis Ababa.

There are 22 federal ministries, across all sectors. But out of this, very few have direct involvement in the drafting of HGER. These are Ministry of Finance, National Bank of Ethiopia, Ministry of Planning and Development (MoPD) and the Prime Minister Office. Few experts from Policy Studies Institute (PSI) also participated. PSI is directly accountable to MoPD.

Since the Prime Minister's cabinet is comprised of the 22 ministers, it is possible to conclude at least 22 ministers have participated at the approval level. But the technical work of drafting of HGER, was done by at least two representatives selected each from MoF, MoPD, NBE and PMO. The team was led by the chief macro-economy advisors to the PM. On the other hand, development partners, think tanks and independent researchers who have been close to the reform in Ethiopia, are also part of this research. Most of them are also in AddisAbaba, except two of them were abroad when the research was conducted and the KII was conducted through internet.

3.2. Research Approach and Design

3.2.1 Research Approach

The research approach employed to seek answers to the above-mentioned research questions is qualitative approach with sequential content analysis method. “Qualitative methods provide insights into the setting of a problem, generating ideas and/or hypotheses” and such methods “provide results that are usually rich and detailed, offering ideas and concepts to inform your research” (Macdonald & Headlam, 2008). Qualitative methods of research are “used to answer questions about experience, meaning and perspective, most often from the standpoint of the participant” and ‘verification’, research integrity and robustness are as important in qualitative studies, according to Hammarberg, Kirkman & De Lacey (2016).

According to Kothari (2004), data for such robust qualitative research can be gathered using the techniques of in-depth interviews, focus group discussion and projective techniques. Qualitative comparative analysis (QCA) is a research approach methodology often employed in order to analyze multiple cases under complex situations. This approach mainly helps to explain why change happens in some scenarios and not in other cases. Hence, this study design also will have nature of exploratory and explanatory approaches.

3.2.2. Research Design

The research is an in-depth analytical examination of the research problems through discussions and data cross-check with exploratory and descriptive designs. Exploratory questions are best suited to topics that have not been studied and in explanatory research, the researcher is trying to identify the causes and effects of whatever phenomenon they are studying (DeCarlo, 2018). The goal of exploratory research is to formulate problems, clarify concepts, and form hypotheses, and such methods employ qualitative data which are gathered from first-hand sources who are knowledgeable about the subject matter being studied, as well as secondary data sources. On the other hand, the primary purpose of explanatory research is to explain why phenomena occur and to predict future occurrences (Sue & Ritter, 2015).

Hence, depending on the research objectives and research questions of this study, these methods were employed. The research, have investigated how HGER was planned, the interface with

IMF/WB and western development partners, HGER's significance for Ethiopia's economy, and the impacts and implications on Ethiopia's economy.

3.3 Research Philosophy

Interpretive researchers assume that access to reality (given or socially constructed) is only through social constructions. Interpretivism is often known as anti-positivism, and hence, a recommended research philosophy for qualitative research approach. Interpretivism argues that truth and knowledge is subjective, culturally and historically situated based on lived experiences and understanding of them. A researcher can never be completely spate from their own values and beliefs and these will inevitably inform the way in which data is collected, interpreted and analyzed. Essentially, interpretivism takes the position that reality is socially constructed. In other words, that reality is subjective, and is constructed by the observer through their experience of it, rather than being independent of the observer. Interpretivism is based on the assumption that reality is subjective, multiple and socially constructed. That is to say we can only understand someone's reality through their experience of that reality, which may be different from another person's shaped by the individuals' historical or social perspective. An interpretivistic philosophy also typically manifests in the adoption of a qualitative methodology, relying on data collection methods such as interviews, observations, and textual analysis. These types of studies commonly explore complex social phenomena and individual perspectives, which are naturally more subjective and nuanced. Interpretivist approach is based on naturalistic approach of data collection such as interviews and observations. Secondary data research is also popular with interpretivism philosophy. In this type of studies, meanings emerge usually towards the end of the research process.

3.4 Data Source

Primary as well as secondary data sources are utilized for the purpose of fully capturing evidences and inputs required to conduct this research study. This research used both primary and secondary data collected through interviews, focus group discussions and secondary data gathered through a review of official documents. In addition, prior interviews conducted with drafters of HGER and available at the PMO media platform dubbed 'policy matters' video archives, is also utilized. Data from the samples were gathered using semi-structured and in-

depth interviews as it helps the interviewer get the most out of interviewees. On the other hand, the “output depends upon the ability of the interviewer” (Kothari, 2004).

In-depth interviews are designed to discover underlying motives and desires (Kothari, 2004). This is suited with the semi-structured interview as it “follows a framework in order to address key themes rather than specific questions. It also allows a certain degree of flexibility for the researcher to respond to the answers of the interviewee and therefore develop the themes and issues as they arise” (Macdonald &Headlam, 2008). Hence, the researcher employed these methods of data collection along with the secondary data to conduct the study.

Primary data source

Sources for the primary data are stakeholder people who were directly involved with the HGER/TYPP policy making. These people, who mainly work in the post-2018 administration, are involved in the policy makings as advisors, experts and policy makers.

Secondary data sources

Secondary data sourced directly from the relevant institutions involved in the making of the Homegrown Reform Program, as well as IMF and WB inputs to the HGER/TYPP. Especially IMF’s documents on Ethiopia’s Article Four negotiations with IMF, are highly essential. Ethiopia’s PM office, Ministry of Finance, Ministry of Planning and Development, National Bank of Ethiopia, Central Statistics Service, Policy Studies Institute, Addis Ababa University, Ethiopian Economics Association had the leading role in the making of the HGER/TYPP. The other ministries across all sectors, think-tanks and regional states had also contributed. Hence, documents and deliberations produced by these institutions, will be sourced as secondary data for the purpose of this research.

3.5. Sample selection procedure and techniques

Sample selection procedure

HGER/TYPP is approved at the government cabinet level. The cabinet is comprised of 22 ministers, drawn from 22 federal ministries. But out these, it is three ministries which are tasked with the drafting process of HGER/TYPP. These are MoF, MoPD and NBE. Ofcourse, PSI is

under MoPD. In addition to the ministers, at least two advisors/directors are represented from these three institutions, to engineer the whole economic reform program of post-2018 Ethiopia. Hence, a well-informed estimation for number of people directly involved in the drafting of HGER/TYPP, is around 15. But other directors, advisors and officials are also indirectly involved, in terms of compiling sectoral inputs for the planning. In general, the researcher contacted all of the involved officials. Another area of sample consideration, which have indirectly involved as development partners and/or consultants. A balancing number of representatives from these two segments, is selected from the most close organizations the researcher decided have firsthand information about HGER/TYPP.

Sampling technique

The data for this research were collected from samples drawn using purposive selection and judgmental methods. The judgment method of sampling can be “used for selecting items which he considers as representative of the population” whenever a researcher desires to “develop hypotheses rather than to generalize to larger populations” (Kothari, 2004). The data collected for this research, is based on non-probability purposive sampling technique. This is because people who are involved in the drafting of HGER are limited, and people who have been closely following the drafting process were also in a very limited circle. Non-probability sampling, particularly the purposive sampling technique, is employed. This is because the experts, advisors and policy makers participated in the process of HGER and TYPP, are located in certain institutions, and they are well known. Purposive selection is preferred because all the stakeholders involved in the HGER/TYPP are well-known and all of them must be included in the study.

Primary data collection techniques

To collect the primary data, Key Informants’ Interview (KII) and Focus Group Discussions (FGD) are selected. This decision of selection arose from the types of the research questions. The interviewees were selected from MoF, NBE, MoPD, IMF Ethiopia office, development partners, think-thanks and researchers in independent consulting firms and economic analysts in media institutions.

The interviewees from government institutions, are selected because they have the first hand involvement with HGER planning. The researcher first gathered information and identified who are the peoples directly involved in HGER drafting from MoF, NBE, MoPD and PMO. Then the researcher approached all of them for interviews and FGD.

Interviews from development partners, which include UN agencies, IMF, WB, embassies, chambers associations, NGOs, chambers and CSOs, are selected based on their level of involvement in discussions with Ethiopian government to finance HGER, and the researcher's judgment regarding their exposure. Somehow, snowball mechanism is also utilized here, where one interviewee leads to another insider with better knowledge about the matter. Interviewees from think-thanks, consulting firms and independent analysts, their track record of past works on analysis, reports, perspectives and discussions on HGER and Ethiopia's economy, are used as selection criteria.

The interviewees were selected based on exact appropriateness, the researcher's judgments as well as snowball methods. The principles of this sampling method include the identification of interviewees by the researcher based on specific reasoning, and which in their turn, recommend other respondents (Braun & Clarke, 2013).

Table 3.1: list of institutions for data collection sources (table from the Research Proposal)

No	Institution	KIIs	FGD
1	Ministry of Planning and Development	2	1
2	Ministry of Finance	2	1
3	National Bank of Ethiopia	2	
4	Policy Studies Institute	2	1
5	Ethiopian Economics Association	2	1
6	Prime Minister Office	2	
7	Central Statistics Service	2	
8	International Monetary Fund	2	
9	World Bank	2	
10	Addis Ababa University	2	1
11	International Growth Center	2	1
12	UN Economic Commission for Africa	2	
13	Independent Advisory Council	2	1
14	Ethiopian Chamber of Commerce and Sectoral Association	2	
	Total	28	7

Secondary Data Source

The researcher has utilized number of secondary data mainly official documents as well as interviews of GoE officials which are available in the public domain.

These documents include:

- A Homegrown Economic Reform Agenda: A Pathway to Prosperity
- Assessment Report of the Homegrown Economic Reform (HGER) Agenda (2019-2022)
- Letter of Intent, from Ethiopian government to IMF, 2019
- Ethiopia Homegrown Economic Reform 2.0 (2023/24 – 2025/26 Ethiopian Fiscal Years)
- IMF Country Report No. 20/29 FDR of Ethiopia 2019 Article IV Consultation and Requests for Three Year Arrangement under the Extended Credit Facility (ECF) and Extended Fund Facility (EFF), press release and staff report
- PSI workshop document on “Supporting the Implementation of the Home-grown Economic Reform (HGER) Agenda”

- Statements from the National Macro-Economic committee
- HGER2.0 detail plan matrix document
- Ten Years Perspective Plan (TYPP)
- Officials' interviews archived on the 'policy matters' platform of the PMO
- Other sectorial institutions reports and interviews

Data validity and reliability

Validity refers to how accurately a method measures what it is intended to measure. If research has high validity, that means it produces results that correspond to real properties, characteristics, and variations in the physical or social world. Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are Joppe (2000). In other words, does the research instrument allow you to hit "the bull's eye" of your research object? Researchers generally determine validity by asking a series of questions, and will often look for the answers in the research of others. (p. 1).

Reliability refers to how consistently a method measures something. If the same result can be consistently achieved by using the same methods under the same circumstances, the measurement is considered reliable. Joppe (2000) defines reliability as: Kirk and Miller (1986) identify three types of reliability referred to in quantitative research, which relate to: (1) the degree to which a measurement, given repeatedly, remains the same (2) the stability of a measurement over time; and (3) the similarity of measurements within a given time period (pp. 41-42). Charles (1995) adheres to the notions that consistency with which questionnaire [test] items are answered or individual's scores remain relatively the same can be determined through the test-retest method at two different times. High reliability is one indicator that a measurement is valid. If a method is not reliable, it probably isn't valid. According to Brink (1993), researcher bias and researcher competency, if unchecked, may influence the trustworthiness of data considerably. "The very presence of the researcher may affect the validity of the data provided by subjects." Therefore, Brink recommended number of techniques to check data validity and reliability. One of his recommendations, is data triangulation, which the researcher has employed.

Triangulation

Triangulation refers to the use of two or more data sources, methods, investigators, theoretical perspectives and approaches to analysis in the study of a single phenomenon and then validating the congruence among them (Brink 1993). The major goal of triangulation is to circumvent the personal biases of investigators and overcome the deficiencies intrinsic to single-investigator, single-theory, or single-method study thus increasing the validity of the study (Denzil 1989).

Consistency: Consistency is one of the tests to make sure reliability. If the responses from respondents are consistent, coherent and sound, the researcher can rely on the data.

Content validity: Content validity is the extent to which a measure “covers” the construct of interest. To ensure reliability in qualitative research, examination of trustworthiness is crucial.

In contrast, Stenbacka (2001) argues that since reliability issue concerns measurements then it has no relevance in qualitative research. She adds the issue of reliability is an irrelevant matter in the judgment of quality of qualitative research. Therefore, if it is used then the “consequence is rather that the study is no good” (p. 552). The discussion of quality in qualitative research initiated from the concerns about validity and reliability in quantitative tradition which “involved substituting new term for words such as validity and reliability to reflect interpretivist [qualitative] conceptions” (Seale, 1999, p. 465).

The issue of validity in qualitative research has not been disregarded by Stenbacka (2001) as she has for the issue of reliability in qualitative research. Instead, she argues that the concept of validity should be redefined for qualitative researches. Stenbacka (2001) describes the notion of reliability as one of the quality concepts in qualitative research which “to be solved in order to claim a study as part of proper research” (p. 551). To make sure the data validity and reliability of KII data, the researcher has used purposive sampling technique, in order to avoid no relevant stakeholder is left out. Most of the officials and advisors participated in the HGER, are interviewed. The composition of interviewees from government, private sector, scholars and development partners, is also well balanced. The researcher also deployed FGD and secondary data sources, in order to capture all possible responses fully and cross check. The representation and composition of FGD discussants, is also well balanced and purposively selected.

3.6 Data Analysis Methods and Techniques

In this section, data analysis methods and techniques employed for KII, FGD and secondary data are discussed. First, the recorded voice of interviewees is transcribed and readied for analysis. Some of the KII interviewees provided written responses while others consented for on the record interview. Particularly one respondent, who is MoF official, requested off the record interview so the researcher took hand notes of the responses.

KII data analysis method

For the KII data analysis, descriptive and explanatory data analysis methods are utilized.

FGD data analysis method

For the FGD data analysis method, thematic analysis method is employed. In the thematic analysis, the data are divided into multiple themes. These themes could be based on literature or emerging themes from the data (Maninder Singh, 2017). The researcher not only describes the themes but also explores the relationship between them. These are then described in detail in the report. Thematic analysis is a flexible approach to qualitative analysis that enables researchers to generate new insights and concepts derived from data.

FGD data analysis technique

The FGD voices are transcribed. Scissor-and-Sort Technique is employed to analyze it. The scissor-and-sort technique, is a quick and cost-effective method for analyzing a transcript of FGD. Sections of the transcribed FGD content are identified and coded, based on relevance to the research question(s) (Stewart & Shamdasani 2015). Then the coded copy of the transcribed interview may be cut apart (the scissors part of the technique). Each piece of coded material can be cut out and sorted so that all material relevant to a particular topic is placed together. The various pieces of transcribed text are used as supporting materials and incorporated within an interpretative analysis (Stewart & Shamdasani, 2015).

The scissor-and-sort technique is a very useful and efficient approach to analysis, but it does tend to rely very heavily on the judgment of a single analyst. This analyst determines which segments of the transcript are important, develops a categorization system for the topics discussed by the group, selects representative statements regarding these topics from the transcript, and develops

an interpretation of what it all means. There is obviously much opportunity for subjectivity and potential bias in this approach. Yet, it shares many of the characteristics of more sophisticated and time-consuming approaches (Stewart & Shamdasani, 2015). But fundamentally, any technique used to analyze FGD data, involves 'content analysis', according to (Krippendorf, 2004). There are frequent occasions when the use of this more rigorous approach is appropriate for the analysis of data generated by focus groups.

3.7 Ethical considerations

While conducting this research, the researcher adhered to the necessary academic ethical standards including voluntary participation, informed consent, willing recording, confidentiality and anonymity. Avoidance of any potential harm is ensured, and strict use of collected data only for this research purpose is implemented. The researcher is committed to the academic ethical high standards in terms of producing an original work and avoiding any plagiarism. The researcher provided sources for all of the materials quoted or paraphrased in the research work. The analysis was also based on the research data gathered from interviews and other secondary sources and the researched tried his best to avoid biases.

CHAPTER FOUR

4. RESULT AND DISCUSSIONS

4.1. Introduction

This section of the research presents the discussion of the findings from the interviews conducted. Accordingly, it will be divided into four sub-topics which will address the respective research questions presented elsewhere in the report. Hence, these topics present whether HGER is an indigenous growth model or rebranded SAP, whether the measurements taken in HGER are relevant domestic decisions or prescribed from IMF, as well as the significance and impacts of HGER on Ethiopia since its implementation started in 2019. This chapter has four categories aligned with the four research questions. Sub-headlines are used for separate deliberations to discuss the similarity and difference, as well as the implementations and impacts of the HGER reform measurements.

4.2 Response Rate

Response rate of the Key Informants' Interview is 96.4 percent. The researcher intended to conduct 28 KII interviews. But in actual, the researcher conducted 27 KII interviews. Hence, 96.4 percent of the plan stated in the research proposal is successful, regarding KII. One of the interviewee, member of the macro-economic committee at the PMO, could not be available for interview, neither responded to online questionnaires link shared via email and WhatsApp. However, the researcher believed this does not create gap since already several members of the macro-economic committee members are interviewed. The researcher planned to conduct seven FGDs. But in actual, the researcher conducted three FGDs. This is due to the redundant responses the researcher started to receive from respondents.

4.3 Demographic Characteristics of the Respondents

4.3.1. Demography of the Key Informants

Fundamentally, people who could authoritatively speak on the HGER, SAP and Ethiopia's economic development models with precise knowledge and exposure, are either government policy makers, experts of development partners and independent think-tanks and analysts. The 27 KII interviews conducted by the researcher, are systematically and adequately comprised of the above-mentioned representatives. Hence, no relevant potential interviewee is left out. In fact,

the researcher has talked to more people though not on the record but informally, all for the purpose of this research. The researcher also found out that there are three kinds of perspectives of people when people are asked about HGER. The first group seems has pre-determined position of arguing that HGER is truly indigenous model done by Ethiopians. These are mostly government officials, policy makers, government advisors, some development partners and few consultants who work with government. Therefore, quota sampling is also employed to decide how many respondents should be selected from each of these three major respondents categories. Twelve respondents are selected from government institutions, and seven each from development partners and independent experts. The second category of people are completely against HGER and SAP. They argue the post-2018 government is leading the reform in the wrong way. These are independent researchers, consultants, analysts, opposition party leaders and media editors. Most respondents from development partners, NGOs and embassy economic advisors, also fall in the second category. Very few of them side with the government position.

Table 4.1: Composition of KII interviewees

No	Respondents' Institution	Number of respondents	Composition out of total respondents (percent)
1	Government institutions -MoF -NBE -MoPD -PSI -Ministry of Industry -ASTU -Oromia Planning & Dev.t Commission -DBE -PEHA (public Financial Institutions dep.t)	12 3 2 1 1 1 1 1 1 1	44.4pct
2	Development partners/ private sector organizations -IMF Ethiopia Office -Pan African Chamber of Commerce and Industry (PACCI) -Ethiopian Economics Association (EEA) -FSD Ethiopia -International Growth Center(ICG) -Ahadu Bank -Japan embassy in Addis Ababa -African Financial Integrity &Accountability Programme (CODA, AfDB)	8	29.6pct
3	Consultants/ independent Experts -Kuwait Institute for Scientific Research (KISR) -Portobello Ltd (London) -Ethiopian Business Review -Ethiopian Reporter -Ezema Party -Rift Valley Institute of Peace Research -Demal Consulting	7	25.9pct
	Total number of respondents	27	96.4pct of the planned KII responded

4.3.2 Demographics of the FGD participants

The researcher has systematically selected FGD discussants from the three major perspectives, which is the government-private sector- academia nexus. The three FGD groups are well represented from these three major faculties.

Table 2: FGD description chart

FGD category	FGD Information	Institution	Education	Planning Involvement
FGD Group 1	Date of the FGD: March 2, 2024 Type of FGD: open discussion Number of Participants: 8 Male: 8 Female: 0 Participants' information: government officials, and advisors Start time: 9:20am End time: 11:30pm Interviewer: AshenafiEndale Description:	FGD members are comprised of MoF, MoPD, NBE	-50% PhD -50% MA	Direct
FGD Group 2	Date of the FGD: March 9, 2024 Type of FGD: open discussion Number of Participants: 8 Male: 8 Female: 0 Participants' information: officials and experts of development partners Start time: 10:20am End time: 12:100pm Interviewer: AshenafiEndale Description:	FGD members are comprised of chambers of associations, bankers, development organizations and the private sector	-25% PhD -75MA	Indirect
FGD Group 3	Date of the FGD: March 16, 2024 Type of FGD: open discussion Number of Participants: 8 Male: 8 Female: 0 Participants' information: consultants, Independent analysts, media editors Start time: 2pm End time: 4:30 Interviewer: AshenafiEndale Description:	FGD members are represented from the academic, scholars, consultants and independent analysts	-25% PhD -50% MA -25% BA	-concerned

Particularly the three FGDs are conducted based on representatives selected from key institutions. The first FGD included government policy makers and advisors from MoF, NBE, MoPD and PSI. The second FGD is conducted with selected representatives from development partners like chambers of association, NGOs, and economic advisors of embassies. The third one is conducted with selected representatives from think tanks, consulting firms, opposition party leaders and media editors.

The three FGDs conducted by the researcher, are systematically and adequately comprised of the above-mentioned representatives. Hence, no relevant potential interviewee is left-out. This KII composition and FGD landscaping is designed by the researcher in order to get well balanced perspectives both from proponents of HGER, proponents of SAP, critics of HGER and critics of SAP. After conducting the 27 KIIs, and three FGDs with each eight discussant members, the researcher decided there can be no new perspective but repetitions.

4.4 Findings

4.4.1 The genesis of HGER/TYPP

a. KII responses

KII respondents are asked whether HGER is endogenous model or emulated from SAP. The response from the 27 respondents simply falls in one of the two responses. While a majority of 55 percent respondents stated HGER is directly copied from SAP, the rest stated HGER is indigenous economic model. Further detailed is in the following table. Almost all of the respondents from government institutions stated HGER is an indigenous plan originated in Ethiopia and planned by Ethiopian experts. One respondent, admitted during the drafting of HGER, Ethiopia negotiated with IMF/WB. “They did not impose on us. It was a negotiation to finance the reform...” (KII Interview, NBE, march 2024). “Homegrown’ is a sugarcoated word crafted by the IFIs and placed on the tongue of GoE officials. There is nothing Homegrown about it. it is a copy paste of the Washington consensus,” stated another discussant.

Out of the seven respondents under the development partners (private sector organizations), almost all of them responded the HGER is copied from SAP. Country director of IMF, said HGER is drafted by Ethiopian experts. Another respondent, who is analysts at a UK development organization in Ethiopia, justified HGER is drafted based on actual problems

Ethiopian economy has been suffering on the ground. Of all the HGER measurements, this respondent only admits the devaluation of birr is copied from SAP. Of the other seven respondents under the consultants/ independent experts respondents, all of them unanimously responded HGER is copied from SAP.

Table 4.2: KII justifications regarding source of HGER/TYPP.

	Respondent		Is HGER Indegenous	Is HGER SAP?	Justification
1	Government institutions (12)	Yes			
		%	100	0	- the Pragmatism recipe, HGER/TYPP fits Ethiopia's problem -drafted by Ethiopian nationals -Ethiopia's economy would have collapsed without HGER
		No			
		%	0	100	
2	Development partners/ NGOs /private sector organizations (8)	Yes			
		%	12.5	87.5	- drafters are priority told about content to be included in HGER --HGER mainly designed to secure IMF/WB/DAG financing - GoE negotiated with IMF
		No			
		%	87.5	12.5	
3	Consultants/ independent Experts (7)	Yes			
		%	0	100	-drafters are Ethiopian nationals but educated and worked in western organizations - government refused to participate independent Ethiopian scholars in the HGER/TYPP drafting process -'Homegrown' is decoy term forwarded by IMF to evade the fact it is copied, and to save GoE from harsh criticism --GoE negotiated with IMF, DAG

				-all the HGER/TYPP drafters are paid lump salaries by WB/UNDP while working on the drafting
	No			
	%	100	0	-GoE negotiated with IMF, DAG -all the HGER/TYPP drafters are paid lump salaries by WB/UNDP while working on the drafting
	Yes			
	%	37.5	62,5	
	No			
	%	62.5	37.5	
Total (27)				

Government respondents

These respondents have direct/close involvement with the drafting of HGER/TYPP. Most of them completely reject the idea that HGER is copied from SAP. But they agreed HGER/TYPP is neither developmental state model nor liberalism but a mix of the two. Few of them say as long as it works for Ethiopia, it does not matter if adopted from anywhere. Yet, only one respondent from government side admitted GoE negotiated with IMF. This group justified that HGER is purely indigenous because it is drafted by Ethiopian policy makers. They also stressed the measurements taken in HGER are right antidote for Ethiopia's economic problems, hence, they underline HGER is the proper model for Ethiopia's economy.

This category argues that Ethiopia's post-EPRDF economy could not survive without HGER. They argued external debt pileup has shrunk following PP's decision to stop taking any commercial loan. They argued birr depreciation was necessary to boost export performance. One of the respondents in this category is head of Planning and Development Commission of Oromia regional state. He confirmed planning heads of other regional states were not allowed to participate in the drafting process of the HGER. However, he strongly argued HGER is indigenous model and perfect approach for Ethiopia's economy. This indicates HGER/TYPP was planned by limited officials at federal level and did not participate regional states. This approach is a top-down approach. Indigenous development planning often arises from the ground, and follows a bottom-up approach.

Development partners/ private sector organization representatives

This category of respondents, also have indirect involvement in the planning of HGER. Some of them represented donors, and development partners; and negotiated with Ethiopian government on how to finance the HGER. For these respondents, HGER is intentionally designed to get financing from IFIs, and other development partners. In order to get financing particularly from IMF/WB, having an economic policy filled with IMF/WB vocabularies was not optional, according to these respondents. The evidence of this group is that, the fact GoE and IMF conducted negotiation the IF Article four in 2019. This negotiation resulted in IMF agreeing to approving nearly USD5 billion to finance HGER1.0. In return, GoE agreed implement IMF recommendations. Basically, a country must come up with economic plan that is compatible with IMF policy prescriptions, in order to benefit from IMF program.

Consultants/ independent Experts

These respondents stated though HGER is drafted by Ethiopians, the content was not local but adopted from SAP. They argue that the word ‘Homegrown’ is coined just to evade the fact that HGER is copied from SAP. These respondents claim almost all of the Ethiopian drafters of HGER, have educated or worked in western countries like USA and EU members. Some of them also worked at IMF/WB. Respondents of this group, claimed that planners of HGER/TYPP are either educated in the western universities, or worked in western organizations; which the respondents say GoE intentionally picked them to draft the HGER/TYPP because they are well-versed in neoliberalism and simply can work with IMF.

b) FGD Findings Regarding HGER Origin

Out of the three FGDs, the first one argued HGER is indigenous model, while majority of the second FGD group stated HGER is copied. The third FGD group stated HGER is copied from SAP. The justifications of each FGD group members is detailed under ‘Discussion’ section. Under the three FGD groups, there are 24 discussants, eight in each of them. All of the eight in the first FGD group, which are comprised of government officers, stated HGER/TYPP is indigenous. Out of the eight members of the second FGD group, which are comprised of development partners as well as private sector institutions, six of them stated HGER/TYPP is

copied from SAP. The rest two affirmed it is indigenous model. Out of the eight members in the third FGD, all of them stated HGER/TYPP is copied from SAP.

Table4.3: FGD discussants position on origin of HGER/TYPP

Item	Background	HGER is domestic	HGER is copied	Total
FGD 1	Government	8	0	8
FGD 2	Development partners, private sector organizations	2	6	8
FGD 3	Scholars, consultants	0	8	8
Total	24	10	14	24

The majority of the KII and FGD respondents underlined HGER is a rebranded SAP. They stressed the economic problems are domestic but the solutions are forwarded from outside, specifically by IMF/WB. Even though the drafting of HGER/TYPP is done by Ethiopians, the content is not indigenous, they argued. They justified this argument by referring to the fact most of the HGER/TYPP drafters were educated or worked in western institutions. These respondents believe the new administration willingly accepted the intent of emulating SAP. But almost all respondents, including government officials and drafters of HGER/TYPP, agree that the new administration was forced by the economic challenges inherited from EPRDF, which forced the new administration to do anything at hand to unlock finance sources, reboot the depleted forex reserve, activate the mega projects that were at standstill; and in general, straighten the macro-economic distortion inherited from EPRDF. Except government respondents, respondents stated the idea of shifting the growth gears from state led to market economy, was just an idea crafted to align with IMF’s requirements. “PP picked its economic policy makers cautiously from people who are seasoned with western economic policies especially well versed in IMF’s market economy. PP could not have planned HGER/TYPP with actually indigenous Ethiopian policy makers because they have socialist mentality. All EPRDF policy makers and even the civil servant has socialist mentality. So PP had to assign people who are either educated or worked in USA, Europe, or international organizations like IMF, WB, and UN agencies,” (KII Interview analyst, march 2024).

Majority of the respondents stated that the west, including their organizations like IMF, had strong interest to back any political force that promises to scrap EPRDF's developmental state and installs market economy system in Ethiopia. "IMF/WB forwarded all the reform measurements they thought should have been included in the HGER. The reason they called it 'Homegrown' and the drafting of those prescriptions into document is done by Ethiopian nationals in the local ministries, is just to persuade Ethiopians to own and implement the HGER," (interview with development partner official, march 2024). Most respondents stated the name 'Homegrown' is also coined by IMF/WB experts in order to mask the truth and to save GoE from harsh criticisms. One respondent particularly, stated "over 95 percent content of the HGER/TYPP is similar to SAP. Once a developing country signals to negotiate with IMF, then IMF dictates the country to liberalize, privatize, deregulate including utilities, open-up for competition, devalue, and cut spending. Under HGER episodes, Ethiopia did almost all except deregulation," (KII Interview with DFID analyst, April 2024).

Though most government respondents argued HGER is indigenous, one official stated GoE negotiated with IMF during the drafting of HGER. "IMF did not pressure us to accept any policy. It was a negotiation," (Interview with NBE official, march 2024). The majority of the FGD discussants in the FGD group two and three, underscored the reform measurements introduced in HGER/TYPP, are directly sourced from SAP in order to fulfill IMF preconditions. Discussants from government officials, on the contrary, strongly argued the reform measurements were determined by GoE, as responses to the challenges Ethiopian economy faced. However, majority of FGD discussants represented from government institutions, do not believe in one reform measurement; which is birr devaluation. Even an official from NBE, expressed his reservation regarding devaluation.

In a similar fashion, one respondent from the independent analysts, exhibited a unique perspective different from the FGD3 discussants. This discussant stated "I know the reform measurements are prescribed by IMF and WB. But that does not mean the reform measurements are wrong. I believe the reform measurements are correct decision, except such decision is too late for Ethiopia. Those who are arguing Ethiopia must stick to developmental state model, your mind is still in the shadow of Dergue's socialism. This is 21st century. No economy can grow as

an island,” (FGD discussant, March 2024). Nonetheless, majority of discussants under FGD2 and FGD3 echoed any reform that avails national SOEs and key economic sectors for foreigners, cannot be an idea that comes from Ethiopian minds, and hence, they stated such reform can only be enforced by foreign interests.

c) Secondary Data Finding: negotiations between IMF and Ethiopian government

The researcher has come across concrete secondary data that evidential for the origin of HGER/TYPP. The researcher selected two documents for this purpose: the Letter of Intent, and IMF Article IV consultation report on Ethiopia. The researcher found several secondary data. However, particularly two documents, each from the Ethiopian government and IMF, are considered sufficient for the purpose of this research. The first one is the ‘Letter of Intent’ written by Ethiopian government, addressed to the IMF director in Washington. The second one is IMF’s Article IV negotiation document addressed to Ethiopian government, which is also IMF’s response to the ‘Letter of Intent.’ The two documents were exchanged on the same day of December 11, 2019.

Brief Description and Findings from the Documents

Letter of Intent

This 33-paged Letter of Intent, was written to KristalinaGeorgieva, IMF managing director on December 11, 2019, by Ethiopian government. It is signed by Ahmed Shide, Finance Minister and YinagerDessie (PhD), governor of central bank. In a summary, the letter requests IMF to restructure Ethiopia’s external debt and approve new fund programs for Ethiopia including under the IMF’s Extended Credit Facility (ECF) and Extended Fund Facility (EFF) schemes. In return, the letter promises Ethiopian government’s commitment to ranges of reforms in SOEs privatization, liberalization, tightening state expenditure, devaluation and other reforms. In return, Ethiopia requested “We request IMF’s financial support for our program through new three-year arrangements.”

A paragraph states “The government [Ethiopia] undertakes to not introduce any new measures that are inconsistent with Article VIII of the IMF Articles of Agreement.”Hence, the Letter of Intent is a one of the concrete evidences that indicate GoE signed several MoUs with IMF to not

implement any policy that is inconsistent with IMF prescriptions. This is done in exchange for IMF funds and debt restructuring promises. The document also heralds several Technical MoUs reached between IMF and GoE.

Article IV

IMF response to Ethiopian government requests under the Letter of Intent. This 121-page report is IMF's country report, regarding the consultation with Ethiopian authorities over Ethiopia's request for funding under EFF and ECF schemes. This IMF report is dated December 11, 2019.

The documents stresses IMF directors accepted the HGER and agreed to finance it. IMF's Article IV document also reveals how PM Abiy's administration started negotiations with IMF immediately after taking power from EPRDF in April 2018. It also states "HGER is IMF expertise area". This hints HGER and SAP are similar, because SAP is also IMF expertise area. "The government led by PM Abiy, has intensified its engagement with the Fund through a more regular policy dialogue and increased requests for assistances. With the announcement of an ambitious and comprehensive reform plan which covers many core macroeconomic areas of Fund expertise, including fiscal, monetary, financial sector and statistics, the collaboration is expected to strengthen further," (IMF, Article IV Ethiopia country consultation report, 2019).

IMF's role is basically not only providing technical and financial supports. IMF has the credible influence among western bankers, investors, donors and policy makers. This is mainly because IMF is owned by western countries USA being the major shareholder. If IMF assessment on Ethiopia was negative, the western investors, donors and financiers would not support the HGER. So GoE's aim was to gain IMF trust first and then onboard investors, donors, financiers and the backing of all policy makers of liberal economies mainly America and Europe.

In the Letter of Intent, GoE presented the reform as proposal to request financing from IMF. These documents are an exchange of negotiations between IMF and GoE. In general, GoE in the Letter of Intent requested debt restricting and new IMF program funds. In return, GoE pledged to privatize SOEs, reduce state investments, lift subsidies, deregulate markets and open-up the economy.

Regarding birr devaluation, the Letter of Intent states birr is overvalued and must be devalued. Hence, the new administration devalued birr persistently annually since 2019. “Our goal is to address external imbalances through a combination of structural reforms to promote exports and FDI, implementation of an ambitious privatization program and a move to greater exchange rate flexibility. This will be supported by reforming state-owned enterprises, consolidating the public sector deficit and revenue reforms to create fiscal room needed to finance infrastructure and social needs in a sustainable way. Financial sector reforms will facilitate private sector access to credit and support a modern monetary policy framework to bring inflation down to the central bank’s single digit objective. The reform plan aims to ensure a smooth transition from a public sector-led to private sector-led growth. In return, Ethiopia requested “We request IMF’s financial support for our program through new three-year arrangements.”

Regarding privatization, the letter states “efforts to privatize SOEs in the telecommunications and sugar are at an advanced stage. In telecommunications, the government is finalizing the process of appointing an external privatization advisor and expects to complete the partial sale of Ethio-Telecom before the end of the current fiscal year. Interest has also been expressed by foreign investors to take stakes in sugar refineries and the logistics sector.” “The directors recommended a reform roadmap to transition to a market clearing exchange rate regime. Directors also supported monetary tightening, complemented by spending restraint by state owned enterprises (SOEs) and the phasing out of central bank financing of the government and the Development Bank of Ethiopia (DBE),” (IMF, Article IV Ethiopia country consultation report, 2019).

However, the IMF document states NBE officials has reservations against the birr devaluation. “Exchange rate policy over the program will aim to eliminate the real overvaluation and durably address FX shortages. However, the NBE is of the view that exchange rate adjustment and system reforms need to be approached carefully: rapid depreciation without improving FX availability will likely exacerbate shortages in the short term and stoke inflation. Integral to containing a possible surge in FX demand would be to boost reserves, so that market participants are reassured of FX availability on an ongoing basis.. Going forward, faster depreciation –should

lead to setting the stage for the transition to a market-clearing exchange rate,” (IMF, Article IV Ethiopia country consultation report, 2019).

According to the document, HGER and IMF program cannot succeed unless birr is devalued, SOEs are reformed and privatized, and state spending is cut, among others. Hence, it states the main objective of IMF role in the HGER is to support implementation of flexible exchange rate regime in Ethiopia, eliminate birr overvaluation, support private sector development and shift the economy to private sector-led, improve SOE efficiency and support the authorities ‘privatization program; and review and reduce subsidies. For instance, the IMF document states that review of explicit and implicit subsidies is critical. “Electricity tariffs should continue to be raised to eventually ensure cost recovery, in line with the reform schedule agreed under the World Bank DPF triggers. Furthermore, over the course of the program, recommendations from the authorities’ requested public investment management assessment will inform on the state of institutional strength and effectiveness of their public investment management cycle and will aim at improving efficiency.” In the document, IMF disclosed it has approved new funding programs for Ethiopia, but with the precondition that the funds will be disbursed in three years starting 2019, based on the progress of HGER implementation progress. This document also states how Ethiopian policy makers agreed to recommendations forwarded by IMF staffs and directors.

4.4.2 Importance of HGER/TYPP

All respondents agree on the economic problems Ethiopia has been facing particularly external debt pressure, forex shortage and inflation. However, solutions ideated by government officials, and independent thinkers, is provided from different perspectives. Government respondents argued seeking external assistance was critical to persuade them mainly to restructure Ethiopia’s external debt. Selling some SOEs can also generate forex to pay for the debts, at the same time making the SOEs more commercial entities and efficient enterprises. However, the independent scholars argue that giving away SOEs and Ethiopia’s economy to foreigners, will have irreparable consequences on Ethiopia. They argue that those problems like external debt, forex shortage and SOEs inefficiency, are just a short time problems and could be resolved with other alternative policies without giving away everything to foreigners. They opponents argued while the offers from IMF and the general west is a short term support, but the consequence of reform measurements on Ethiopia is almost permanent. “Without the steadfast reform measurements

taken under HGER, Ethiopia's economy would not have survived at all," (KII informant, March 2024). On the other hand, majority, or more than half of the KII informants responded HGER is insignificant both in terms of necessity as well as impact. "HGER/TYPP is very shallow because it did not capture Ethiopia's problems and development aspirations. It was designed just to signal the west that the new administration deviated from developmental state. Plus, HGER targeted solely securing financing and support of from IMF. HGER/TYPP lacks economic principle," (KII informant, March 2024).

GoE's Letter of Intent blames developmental state model for leading to Ethiopia's economy to macro-economic distortions, despite its results in rapid economic growth and poverty reduction (Letter of Intent, GoE, 2019). "Ethiopia has experienced an extended period of rapid economic growth, significant poverty reduction and notable improvement in social indicators. While the public sector-driven model has delivered good results, it has also resulted in a buildup of public debt and external imbalances that could undermine continued progress towards our goal of achieving middle income status by 2025. Now is the time for reforms that address structural bottlenecks and create room for the private sector to take the lead in creating high quality, inclusive growth," states the letter. In the Article IV document, unlike any development program in Ethiopia in the past, the IMF praised HGER. At the meantime, they attributed Ethiopia's economic problems to developmental state model. needless to say, this IMF position contradicts its own reports of double digit growth for over a decade during EPRDF's developmental state. "IMF Executive Directors agreed with the thrust of the staff appraisal. They noted that Ethiopia's growth model, driven by public investment, had supported rapid growth and remarkably improved living standards over the past decade. At the same time, it has led to a build-up of debt and external vulnerabilities. Directors highlighted the urgency of fundamental reforms to correct macroeconomic imbalances, ease structural bottlenecks, and lay the foundation for sustainable, inclusive growth led by the private sector," (IMF, Article IV Ethiopia country consultation report, 2019).

"In the last decade, rapid growth, the fastest in Sub-Saharan Africa, and strong policies to address poverty have yielded a remarkable improvement in living standards. But the debt-financed public investment-led development model has reached its limits, amid a buildup in

external vulnerabilities, as illustrated by severe foreign exchange shortages and high premium on the parallel market, as well as debt and likely financial sector vulnerabilities. Recognizing these vulnerabilities, the authorities have prepared a “Homegrown Economic Reform Plan,” (IMF, Article IV Ethiopia country consultation report, 2019).

4.4.3ASSESSING RESULTS OF HGER1.0

In order to assess the results of HGER1.0, the researcher preferred to use report compiled on implementation review of HGER1.0. This is because the report has more quantified responses.

This is also partly because KII and FGD respondents’ reflections regarding the fourth question, is diverging. While all government respondents stress HGER is leading Ethiopia towards prosperity, scholars argued Ethiopia’s economy worsened since HGER.

Hence, the researcher decided to rely on the report, to avoid the subjective extremes. Quantitative data on ranges of measurements is necessary, to determine the impacts of HGER. The report dubbed “Assessment Report of the Homegrown Economic Reform (HGER) Agenda (2019-2022”, is released in March 2023. MoF outsourced the work of compiling to PSI.

Table4.4:Targets and achievements of HGER1.0

No		2019/20 EFY	2021/22 EFY	Remarks
1	Fiscal deficit (financing) % of GDP	2.8%	4.3%	
2	Currency Unification (to make zero the difference between official and parallel exchange rates)	Targeted in HGER1.0 for June 2023	Currency unification Not achieved	
3	Total public debt to GDP	56.1%	45.2%	
4	Inflation	15%	34%	
5	Food inflation	20%	38%	
	Public sector domestic debt	ETB773 billion	ETB1.5 trillion	
	Total Tax revenue, % share to GDP	10%	7.1%	

	Gap between official and parallel exchange rates	25%	100%	
	Fuel subsidy	Allocated	Lifted	
	Wheat subsidy	Allocated	Lifted	
	Export	USD3.1 billion	ETB4.1 billion	
	FDI	USD3 billion	USD3.4 billion	
	Import	USD13.9 billion	USD18.1 billion	
	Current account deficit	-4.9%	-5.1%	
	Total saving to GDP ratio	23%	19.3%	
	Total investment to GDP ratio (capital formation)	36%	29.3%	
	Tax to Expenditure ratio	63.8%	61.3%	
	Structural reform			
1	Ease of doing business	48 score	49 score	Lower than the 60% score average for developing countries
	Sectoral Reform			
	Industry growth rate	12.6%	6.9%	
	Agriculture growth rate	9%	7.2%	
	Wheat import subsidy	ETB2.38 billion	Zero	
	Domestic wheat production	53 million quintal	83.39 million quintal	

Source1. Assessment Report of the Homegrown Economic Reform (HGER) Agenda (2019-2022). Source 2: HGER2.0

IMF's Article IV document also sheds light on how most of HGER1.0 targets are unmet. Comparing the current results achieved even in the first year implementation of HGER2.0, with IMF's over-ambitious forecasts for end of HGER1.0, shows the gap between HGER1.0 plans and the actual results. The figures indicate what IMF forecasted in 2019, for the 2023/24 EFY. However, almost all of the forecasted developments did not happen, indicative to how the HGER1.0 shortfall of targets.

Table4.5: IMF data on Ethiopia’s economy performance

Indicator	2019/20	2023/24 (forecast)	Actual data, march 2024
Inflation	19.4%	8%	28.1 percent
GDP growth	6.2%	8%	6.2%
Public investment	10%	9.7%	
Private investment	24.3%	31.1%	
Resource gap	-11%	-9%	
Tax to GDP	10.1%	13.3%	6.8%
Public debt	53.4%t	43.3%	38.1%
Official forex reserve	4 billion dollar	11.2 billion dollar	Two billion
Months of import coverage	2 months	4.3 months	One month
Defense spending	15.6 billion birr	38 billion birr	Higher
Currency outside banks	96 billion birr	147 billion birr	212 billion birr (end Of June 2023)
Current account balance	-6%	-4.3%	-4.5%

Source: IMF Article IV consultation document on Ethiopia

4.5DISCUSSION

This section delves into in-depth discussions and discourses, in order to shed more lights on the four research questions. These discussions are extracted from the findings of KII, FGD, and the secondary data materials. One of the biggest findings through FGD deliberations, is that HGER is indigenous does not make it perfect. Neither HGER is copied make it wrong. It is not the source that matters, but the relevance for Ethiopia. Another major point, is that the depth of analysis offered by respondents how a copied HGER means loss of policy sovereignty for Ethiopia, and attachments of preconditions to the reform. The discussions are sub-categorized based on the sequence of the research questions. Further sub-topics are created based on the data sources, or new perspectives, as it deemed proper.

4.5.1 Factors Affecting Source of HGER/TYPP

There are number of factors that potentially has determined the source of HGER/TYPP.

Political Factor

The new administration that overtook power from EPRDF in 2018, had to proof itself as a sovereign political force and consolidate power. Hence, solidifying its ideology/model was crucial to different itself from EPRDF and assert itself. The new administration especially had to demonstrate it is different from EPRDF, in the mind of the general public. “Inorder to change that attitude and persuade the pubic that the new administration is not the same as EPRDF, Abiy had to do bold reforms. But the extremely high hatred and objection Ethiopian people had for EPRDF, is not something you can relief with reforms. The nation highly wanted to get rid of EPRDF, and get a very good administration that amends all the mistakes EPRDF did. Abiy managed to gain acceptance and some legitimacy domestically, in the political front. But the business community that benefited from EPRDF system, was uncertain about the new administration,” (FGD discussant, March 2024).

US-China Efforts for Influence over Ethiopia

America and china’s cut-throat competition to gain upper hand in Ethiopia and Africa in general, is further fueled following the Russia-Ukraine war, the Gaza conflict, security concerns over the red sea international trade highway, and growing conflicts in the Horn. In fact, the northern Ethiopia war that took place between November 2020 and November 2022, also placed Ethiopia in a precarious position in its international relationships. While the general west, especially USA and EU accused Ethiopia at the UN Human Rights Council for a dozen of times for human rights violations in Tigray, it was china and Russia that vetoed out sanction bills proposed on Ethiopia. These complicated factors, in general, availed a leverage for USA and its allies to squeeze the strings on Ethiopia’s throat, using western organizations like IMF. It is evident to remember that IMF suspended Ethiopia’s finance packages, after America aired concerns about Ethiopia. The US also delisted Ethiopia from AGOA privilege, among other measures.

Since the 2018 change, Chinese presence in Ethiopia’s economy stagnated compared to EPRDF era. Ofcourse, later in early 2024, china upgraded its relation with Ethiopia to ‘All-weather

strategic diplomatic relationship’, which means unwavering under any condition. China also supported Ethiopia to join BRICS in the same year. Yet, America still tries to set foot in Ethiopia for permanent effort of domination in the multi-polar world unfolding. One of the west’s tools and techniques to ensure influence over one country, is through engaging their businesses in the host country’s economy. China gained more weight in Ethiopia, as its investments and general diplomatic relation is not based on human rights precondition, unlike USA and EU. Hence, the tool in the west’s store, is securing entry to Ethiopia’s economy through economic open-up reforms. IMF, in which USA is major shareholder, often advances USA’s interests. “Since the northern Ethiopia war, USA, EU and the UN have been calling to bring Ethiopian officials into international justice system, stating war crimes, crimes against human rights and violations of international human rights occurred in Ethiopia. In order to maneuver such pressures, Ethiopia had to offer something for America to ease the international pressure. Hence, GoE has no option but to surrender to what the IMF requests,” (FGD respondent, march 2024).

Economic Emergency

Since around 2017, Ethiopia’s economy was mired in stagflation. Most pressing was the public debt, which constituted over half of the GDP at around 56 percent. Most worryingly, most of the money was embezzled through grand corruptions and state capture. Mega projects which were initiated with the public debts, stuck in the middle. The large phony money injected into circulation without tangible productivity in the economy, resulted in inflation. If those mega projects like in fourteen sugar projects, GERD, Yayu fertilizer complex, railways, and others are finalized; it could have substantial weigh to rebalance the economy simply. The projects could contribute to productivity and supply side economy, help government to pay the public debts, create jobs, and reduce inflation, among others. However, the debt money was consumed with corruption, and given the institutional inefficiency. Finalizing the mega projects was just a lost hope, without finding new financing sources and extending the debt service.

Immediately after assuming power, PM Abiy’s administration had to put the break on commercial loans, except concessional loans. The new administration also had to relentlessly search for forex sources, as the country’s forex reserve plummeted to covering just few weeks of

import bill at some point (NBE reports.) as Ethiopia relies on imported fuel, fertilizer, medicine, industrial inputs, as well as agricultural inputs, rebooting the forex reserve was also crucial task. In a nutshell, rising inflation, business inactivity, depleted forex, unemployment, are among the few reasons compelled the new administration to search for solutions elsewhere. Particularly finding fresh financing without worsening the accrued national debt, was important to give life to the ailing economy.

Coupled with the above factors, the dire economic situation Ethiopian economy was facing, forced the new administration to seek external supports. “The new administration must had to secure solution for the inherent economic challenges like relieving the pressing external debt, forex. So Abiy was in dire need for external loan and aid. The new administration of PM Abiy decided to woo any source of external loan and aid. They identified IMF and WB as the source of such loan and aid. In order to secure fresh loan, aid and debt restructuring, the Ethiopian government decided to speak and use the vocabulary of IMF and WB. In order to use the vocabulary of IMF and WB, you have to use terms like reform, private sector, reducing state hand in the economy, and etc,” (FGD discussant, march 2024).

The respondents argued IMF/WB used Ethiopia’s economic problems as anegotiation trap. “The name Homegrown is a strategic name coined for prescriptions forwarded from WB and IMF. GoE called it Homegrown, because the WB and IMF advised GoE so. When the officials say Homegrown, it makes citizens feel comfortable. But there is nothing Homegrownabout selling ethio telecom. In the first year of the HGER, PM Abiy’s administration even tried to sell Ethiopian Airlines, ESLSE and other SOEs. They were left following objections from the public and scholars. What Ethiopia is implementing since 2018, is directly from Washington consensus. They want Ethiopia to shift to neoliberal economy. The reason western powers strongly endorse neoliberalism and the reason IFIs are recommending SAP, is because they want governments of developing nations like Ethiopia, to lose every policy tool it uses to command the economy. IMF/WB, including the western powers, want to make other governments to be powerless. They do not like any country including Ethiopia, to have a commanding power over its economy. Homegrown’ is a sugarcoated word crafted by the IFIs and placed on the tongue of

GoEofficials. There is nothing Homegrown about it. It is a copy paste of the Washington consensus,” (FGD respondent, March 2024).

“HGER has nothing that makes it a Homegrown. It is SAP. Any development program that is supported by the western, can never be a homegrown. Now, here is the trick. The west allows you to name your development model an attractive name. This name is often ‘Homegrown’. But in essence, the substance and measurements in the program, is all neoliberal. That is what they did with HGER. IMF/WB/DAG and the west advised PM Abiy’s administration to dub the program as ‘Homegrown’. But it is SAP plus. The content takes Ethiopia’s economy anti-clockwise. HGER is set of untested policies. It was not allowed for academics and independentscholars to contribute to planning of HGER,” (FGD discussant, March 2024). “We did not want to be identified with one ideology. We believe it is self-imprisonment. So we came up with our own approach, which is a mix of principles from different ideologies. Some scholars say HGER is copied from SAP. I do not agree with this. SAP has several problems. It failed globally. But Ethiopia’s pragmatism/HGER is flexible. Our approach is not fixed. We try reform measurements, and pick which works, and drop which fails. The underling criteria GoE took to adopt HGER, is which measurements benefit Ethiopia. So the basic criteria for the HGER adoption was Ethiopia’s interest. Our criteria was not adopting somebody’s program. Whether it has SAP element, socialism element, capitalism element or developmental state, we are ready to adopt as long as it works for Ethiopia. If it does not solve Ethiopia’s problem, we reject,” (FGD discussant, march 2024). “If HGER is SAP, how GoE could establish EIH,” asked one official. “there was macro-imbances in Ethiopia, so the new government came-up with Homegrown reform, which was indigenious planning. That is all,” (FGD discussant, March 2024).

4.5.2 Examining HGER Economic Reform Measurements

Are the HGER/TYPP reform measurements (liberalization, privatization, deregulation, currency devaluation, spending cuts, and other reform measurements) really made by indigenious Ethiopian development planners, or forwarded by external advisors and think-tanks like IMF, and World Bank?

Liberalization and Privatization

In Ethiopia, telecom, banking, wholesale and retail businesses have been closed businesses for foreigners. Especially EPRDF maintained complete protectionism for these sectors. In general, Ethiopia has been considered one of the last countries for such protectionism. However, HGER/TYPP has ended these protectionism. The telecom sector is liberalized, while government's repetitive floating of international bids to sell Ethiotelcom's 40 percent stake, is still in the pipeline.

Proclamation that allows entry of foreign banks to Ethiopia is legislated for the first time. The final draft of this proclamation is sent to IMF for approval, according to NBE officials. Once the regulation and directive is passed, the entry of foreign banks is expected before end of 2024, as stated in the HGER 2.0.

The national Investment Board of Ethiopia, which is chaired by PM Abiy Ahmed, has passed a directive in April 2024, that allows entry of foreign businesses in the domestic trade. The directive is dubbed "Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments No. 1001/2024". Now, at the face value, these plans are done by Ethiopian nationals. But a further investigation has disclosed the role of IMF and western institutions behind these reform measurements. The first evidence, is the Liberalization and Privatization team established at MoF, is comprised of advisors and policy makers educated and worked in Washington. As a matter of fact, they never worked in Ethiopia's bureaucracy until the HGER. More to that, the salary of these people is covered by World Bank and UNDP, while they are working at MoF. The researcher has checked that almost all of the advisors, experts and policy makers assigned to lead the HGER drafting, are paid lump salaries by WB and UNDP. One respondent at the MoF, stated "the salary paid for one of them, can cover salary of a full department, if converted to our scale," (KII interview with MoF official, march 2024). In sum, drafters of HGER, are educated in western universities, worked at western originations, and paid salary by them to prepare HGER and advise Ethiopian government.

Another evidence, is the Letter of Intent and IMF article four negotiation. “Priority being given to SOEs that will be privatized in the near future. Efforts to privatize SOEs in the telecommunications and sugar are at an advanced stage. In telecommunications, the government is finalizing the process of appointing an external privatization advisor and expects to complete the partial sale of Ethio-Telecom before the end of the current fiscal year. Interest has also been expressed by foreign investors to take stakes in sugar refineries and the logistics sector,” stated in the Letter of Intent. This letter also hints government initially had plan to privatize Ethiopian airlines and Ethiopian shipping Lines Enterprise. The plan to privatize Ethiopian Airlines was dropped following strong pressure from the domestic private sector and even opposition parties. The open-up of bank sector and domestic trade are also linked.

A year after Ethiopian government announced it is opening up the banking sector, no foreign bank is interested. That is why government finally decided to open up the import, export, wholesale and retail businesses too. The IFIs want complete open-up of the economy. That is why IMF has been pushing Ethiopian government. Foreign banks come to finance foreign businesses in Ethiopia. They do not come to finance Ethiopian companies. Unless Ethiopia allows foreign companies in all sectors and businesses including retail, why would foreign banks come here? If a Kenyan bank comes to Ethiopia, it will mainly finance Safaricom and other Kenyan businesses. If some kind of political turbulence happens in Ethiopia, such foreign companies leave together. It is also easy for them to align their accounting for capita repatriation,” (KII interview with independent analyst, March 2024).

However, FGD discussants from governmentofficials’ side, strongly reject such idea that assumes HGER is copied from SAP.“SAP is a complete liberalization and privatization of everything. But HGER is not about complete open-up. So Homegrown is completely different from SAP and it is completely wrong to say HGER is copied from SAP. It is a big mistake to consider HGER for SAP. SAP is a complete withdrawal of state hand in the economy. But under HGER, state intervention is still allowed in key areas. The ideological model behind HGER is Pragmatism. In principle, the HGER and Pragmatism are not developmental state. The logic behind HGER and Pragmatism, are shifting towards a market-led system. It is all about reducing the state role in economic activity,” (FDG discussant, March 2024).

Currency Devaluation

The root of the birr devaluation idea is also IMF. IMF has strongly pressured Ethiopian government to devalue birr especially during the planning of HGER. IMF stressed Ethiopia will not get IMF support unless birr is devalued, (IMF, Article IV Ethiopia country consultation report, 2019). This is because IMF believes HGER cannot be successful without birr devaluation. IMF argued Ethiopia's export cannot grow while birr is overvalued. So it argued if birr is devalued, it will boost Ethiopia's export and discourage import. However, the IMF was careless regarding the massive inflation surge caused by the devaluation. It is also contradictory, that while the HGER and IMF Ethiopia program underscore about taming the inflation, both IMF and GoE embarked on measurements that fuel inflation.

Ethiopian authorities has reservations on devaluation. But they have no option but to implement it, as IMF demanded it as precondition. "NBE is of the view that exchange rate adjustment and system reforms need to be approached carefully: rapid depreciation without improving FX availability will likely exacerbate shortages in the short term and stoke inflation," (IMF, Article IV, country consultation report, 2019).

Some researchers at PSI mentioned export business in Ethiopia is not profitable and attractive business, mainly because birr is overvalued and profitable for importers instead of exporters. Very limited businesses engage in export and most of them do so to finance their import business with the forex retention proceedings from export revenue, according to one research. "This is expected to be large as exporters prefer, given the overvalued exchange rate of the birr, to use their export proceeds to import other goods and/or use it to import inputs for their export productions. Or, given the difficulty of getting access to foreign exchange for imports, firms tend to engage in exports as well - as anecdotal evidence shows, they do this when in fact they are not making a profit in their export activities," KifluGodefeetal, 2023.

However, the above research did not recommend birr devaluation as a solution to increase export performance. Rather, the researchers recommended improvements in logistics, NBE forex retention directives, boosting availability of exportable products, allowing exporters also to engage in import business and capacity buildings for exporters. By the way, KifluGodefe (PhD),

PSI's leading researcher who also participated in the planning of HGER. He is also project coordinator of HGER1.0 implementation assessment report preparation, which is funded by French AFD. The researcher has confirmed he has offices both at PSI AND MoF. This is because MoF outsourced HER1.0 performance review to PSI. On its turn, PSI on-boarded additional experts including from AAU (workshop on "Supporting the Implementation of the Home-grown Economic Reform (HGER) Agenda", February 2024, PSI.

During this workshop, Kiflu justified HGER saying "Ethiopia had experienced significant economic growth and poverty reduction since the mid-2000s. The achievements had been driven by public investment, infrastructure and the construction sector. Later, the country's various flagship projects experienced budget constraints and project implementation problems, making it difficult to sustain the economic growth and poverty reduction achievements. The country faced a serious macroeconomic imbalance caused by debt, foreign exchange shortages, exchange rate fluctuations, export difficulties and inflation. After recognizing this macroeconomic imbalance, the government designed a new three-year project for 2019, which was the HGER to correct the macroeconomic imbalance."

The main objective of the reforms, said Kiflu, is "to shift the sources of growth from public investment to private investment and from demand-led to supply-led growth." Kiflu also confirmed PSI produced some researches for policy makers during the HGER/TYPP drafting, based on MoF request, which is mentioned as 'the client.'

Spending Cuts and De-subsidization

Reductions in public and SOEs investments was prioritized in the HGER and IMF programs. The rational in the documents of both HGER and IMF recommendations to Ethiopia, was that PM Abiy's administration should not repeat the mistake of EPRDF. GoE and IMF documents stated it was the wrong state investment of EPRDF's developmental state model that led Ethiopia into serious macro-economic distortions. Hence, they decided to cut public spending and gradually shift the development financing model towards private sector led financing. De-subsidization is also part and parcel of this policy shift. Especially the IMF recommendations in the Article Four negotiation document, stressed the lifting of tax incentives, and reduction of

subsidies like in fuel and electricity. “Electricity tariffs should continue to be raised to eventually ensure cost recovery, in line with the reform schedule agreed under the World Bank DPF triggers,” (IMF, Article IV, Ethiopia country consultation report, 2019).

Deregulation

Deregulation is basically the withdrawal of government controls and leave sectors instead to be dictated by market forces. This also recommended as part of reducing state bureaucracy and facilitate ease of doing business for the private sector. Proponents of deregulation like IMF, stress state controls over markets and economic sectors encourages state autonomy on the economy, which is against market-oriented systems. Hence, government undertook sectoral, markets, price and protection deregulations. Government lifted protectionism policy over telecom, bank, retail, wholesale, and local manufacturing, among others. But markets like edible oil, sugar, wheat, and industries like cement, has proved that deregulation of prices in Ethiopia leads to unprecedented crisis. Immediately after government lifted price regulations on these commodities, their prices skyrocketed, their supply drained and led to suffering of Ethiopian consumers. As the result, government had to reinstate controls and determine prices of these commodities. These policy irregularities highly affected the economy and the population. This indicates partly the private sector in Ethiopia is highly speculative, hinting lifting state controls is still necessary in the markets. But this partly is driven by the fact that supply side of economy remains problematic in Ethiopia, a signal to shift the economy from service-sector-led development to agriculture and manufacturing led development.

SOEs’ Reform: three birds with a stone

SOEs reform was at the forefront. For the new administration, the SOEs reform agenda was three birds with one stone. First, it aimed at rescuing the SOEs from their accumulated debts, thereby attaining efficiency to find ways to finalize the mega projects. For instance, the former MetEC, which was at the center of grand corruptions and state capture during EPRDF regime, is split into two by the new administration. GERD project performance also improved after the new administration ended MetEC’s contract with GERD.

The establishment of Liability and Asset Management Company (LAMC) in February 2021, a new SOE, helped to soak half a trillion birr debt accumulated on other SOEs. This gave a room for several SOEs to access additional financing and embark on finalizing the stuck projects. Especially this helped the Commercial Bank of Ethiopia (CBE) to recover those loans owed to central government and SOEs; and become prudent financial institution.

The other measurement in the SOEs reform, was privatization and liberalization. Ethio Telecom, the sole telecom provider owned by the government, was set both for liberalization and privatization. For the first time, a foreign telecom operator, Safaricom, entered the telecom as well as digital financing sectors in Ethiopia. Government's plan to bring-in two additional operators, did not materialize following the eruption of the northern Ethiopia war. Government also placed hold on the privatization plan of 40percent of ethio telecom, for similar reason. Government was also considering privatizing Ethiopian Airlines, Ethiopian Shipping Lines, and ten sugar projects. The first two are dropped following strong public criticism, while the sugar bids could not win investors' appetite. Now, the second purpose of privatizing and liberalizing these SOEs, was to generate forex that was badly needed to reboot the dwindled forex reserve. From the proceedings of those privatizations, government planned to pay external debts, finance the HGER1.0, and also import strategic items.

The third purpose of the SOEs reform, was to meet IMF's precondition under the Article IV negotiation. In fact, the telecom sector reform was essential for the digital economy demand. But at the meantime, government also took measurements that contradict this principle of liberalizing and privatizing SOEs. Government established the Ethiopian Investment Holding (EIH) in 2021. EIH became the first government sovereign wealth fund of Ethiopian government. Comprising 26 SOEs under its wing, it is formed to act as the biggest commercial arm of Ethiopian government. With mammoth capital and abundant state resources at its disposal, the EIH embarked on several projects almost in all economic sectors and markets. EIH even elevated state intervention in the economy, more than the SOEs.

Hence, this action of government dilutes HGER's rationale of shifting the economy from state-led to private sector-led. This contradiction poses the question: is PM Abiy administration's

reform agenda genuine, or just a script written to speak the same vocabulary and find a common ground with IMF? There are some arguments and suggestions that Ethiopia's new administration of post-2018, should have continued with the developmental state model and the GTP. But government has subliminal response to this. The first is government respondents stated EPRDF's developmental state has led to economic collapse, income inequality, wrong state financing model, shrinking of private sector, and finally led to the unseating of EPRDF from power in April 2018.

4.5.3 Discussion on the Importance of HGER

This sub-section outlays discussion on the third research question. The third question is "What is the significance and role of the HGER/TYPP model for Ethiopia?" It is true, that when the new administration overtook power from EPRDF in April 2018, state hand in economy was heavy, private sector role was shrunk, and Ethiopia's external debt has reached the ceiling and there was no source of finance to finalize the several mega projects that were started by EPRDF but whose budgets were largely embezzled. Hence, no question that the new administration had to find new funding sources. The government came-up with the idea that unless the economy is shifted to private sector, it cannot be rebalanced. But one strong argument raised by KII and FGD scholar discussants, is land reform. "Factors of production like labor, capital, land and entrepreneurship must be able to move freely. They must be freely traded. Ensuring and legalizing property right is also crucial. Without legally enforcing and binding process for the factors of production, supply side economy and private sector cannot improve. This means, anybody can go anywhere in Ethiopia and work and produce. In Ethiopia, after investment is made, government comes and take your land, saying it is needed for development purpose. Even in china, where government dictate economy, there is no such practice," (FGD discussant, march 2024).

The discussants argued if PP is genuinely wants shifting the economy towards private sector, the reform should have started by privatizing land and ensuring freedom of property ownership.

"Now, giving full freedom and right for factors of production, and movement of people, would make PP powerless. Priority of PP is power consolidation. Land ownership is still in government hand. So people has no right but to support the regime, to have that land use right. Farmers in rural Ethiopia are banned from getting fertilizer just because they participated in opposition party meeting. People lost their rights just for participating in meetings of opposition parties Any

genuine economic reform, intending to solve the inherent economic problem in Ethiopia, must aim at privatizing the land. This is fundamental. What is worst is, currently they married land with ethnic politics. Now regional states do not allow investors of other regions to come and invest in their regions. This kills production, supply side, tax revenue and overall development. The concept of development has gone now. Every effort is to secure land to their ethnic groups. Even the federal government is also busy to secure its power. The whole propaganda of reform is just to bring a narrative,” (FGD discussant, March 2024).

One major reason for debt accumulation, was because most public investments were not finalized and integrated into economic growth, and supply side. So the major work should be finalizing the projects, and paying public debts and contribute the projects for development; instead of going for IMF requests and policy hand twists. In this document, IMF staff assessments also concur with the IMF directors. “Ethiopia’s public investment-driven growth and development model has reached its limit. The build-up of domestic and external imbalances has lent additional urgency to the authorities’ efforts to engineer a smooth and durable transition. In this regard, the authorities have developed an ambitious economic reform plan, HGER/TYPP, which is appropriately calibrated to address these imbalances and spur private sector- and export-led growth.” (IMF, Article IV Ethiopia country consultation report, 2019).

Asked about which development ideology/model is proper for Ethiopia, FGD discussants responded the following. Government is supposed to solve people’s problems. Ideology is box, a thinking framework. So government should not try to reorient its shape to fit into certain ideology. It must always open to dynamisms, to capture and utilize any mechanisms that ensures the interest of its people,” (FGD discussant, March 2024). “Pragmatism is an approach. It is not an ideology. When government say ‘I will take pragmatic approach,’ government is saying ‘I will not focus on ideology.’ Ethiopia needs growth and development. There are different models/ideologies/approaches to achieve growth and development. So I cannot stick to only one. Development paths are always arguable among scholars. At the moment, there is no pure ideology, that is recommended as a must. Nobody can argue ‘only this ideology works for this country.’ But a mix of combination of policies from different ideologues can be crafted. Even

Ethiopian scholars are always arguing on which path is most important for Ethiopia,” (FGD discussant, March 2024).

Another discussant stated HGER/TYPP is not much different from developmental state. “There is no much difference between developmental state and pragmatism. Hence, we can call the current ideology/development model as a mixed model. We are not fully developmental state neither free market, but in between. Private sector role is growing but still there is government investment. It needs study to know the difference between EPRDF and PP developmental state. But we believe, and it is correct, that government investment in development must continue. We are saying there is market failure in Ethiopia. This means state intervention is essentially necessary. So this must continue. But at the meantime, it needs caution, to avoid state failure,” (FGD discussant, March 2024).

The discussant warns of private sector failure under the current administration, just like government failed under EPRDF. Neither state nor private sector is guaranteed from failure. Markets can fail under both, unless properly managed, concludes the discussant. “Under EPRDF, government intervened in economy, to save the economy from market failure. But instead of saving it, government failure happened. So, whether it is private sector or government that is leading the economy, both need caution to avoid failure. Just like private sector fails in market, government also fails in market. That was what happened during EPRDF. The reason the economy failed under EPRDF, was government took huge debts and invested it in mega projects like fourteen sugar factories. Then the sugar factories failed. Because the sugar factories did not start production, government failed to pay the debt. The sum of such failures led to economic failure and then political change in Ethiopia in 2018. This is why stress that state intervention must be continued, but in a way that does not cause government failure in market interventions. Government should intervene in areas where there is private sector gap. But government’s intervention must be done cautiously, to avoid any failure,” (FGD discussant, March 2024).

“HGER is just a quick-fix done by few policy makers and foreign advisors. For instance, the exchange rate policy is one of the failures of the HGER. Regarding external debt, Ethiopia reached a point of default, for the Eurobond whose payment was in 2024 but skipped. The

reform failed to indicate how the private sector can be empowered. If GoE really wants genuine Homegrown reform, it should empower domestic private sector instead of opening-up the economy for foreign investors. For development purpose, government even can go as far as nationalizing banks. It does not mean government overtakes and manages the banks. Then Government tells the bank ‘you give this finance to this project, to this sector, to this region.’

Most of the respondents stated that public investment must continue growing. “A country like Ethiopia, cannot achieve development without public investment by the state. Private sector in Ethiopia does not build roads, railway or any other infrastructure. Praising the private sector is always the policy of western neoliberals. It might work for western countries. Freedom of property ownership, profit seeking, and overall private sector development, only comes from realization of freedom of individuals, democracy and freedom in every aspect. Private sector development cannot be realized where every resource is dictated politically. Land, capital, labor market and everything in Ethiopia is dictated by ethnic politics. Even in the USA, the biggest source of finance is government, government budget and programs. In Ethiopia too, there is no one that has resource more than government. To empower the private sector in Ethiopia, ensuring the property right law is the ultimate measurement. The second measurement should be removing the bureaucracy and investment uncertainty. If government really wants development, these are what the private sector needs,” (FGD discussant, March 2024).

The findings suggested coupling developmental state and market economy is the recommended path for Ethiopia. But most of them criticized the current administration’s Pragmatism, saying “it lacks economic principle.”The discussants said HGER tried to combine developmental state and SAP but ended with flaws.“Currently, HGER/TYPP is wobbling between developmental state and neoliberalism. Whenever there is some benefit from the west, government shifts to SAP/neoliberalism. Another time, government shifts to developmental state. We can see government is controlling the domestic markets. But PP is not a developmental state. It is a controlling state. GoE/PP does not want a genuine planning. Even when HGER was planned, PP ignored the scholars and advisory council. On contrast to GoE trend, even the western countries are today are going back to planning. Today, even Europe and USA, are planning their development directions at government level. Especially since the covid19, as well as 2008

financial crisis, nothing is being left for the market forces. After all it is the government rescuing economies from crisis. It was developmental states that best responded to covid19,” (FGD discussant, March 2024).

The findings suggest balancing state and private sector role, is crucial for development. “Ethiopia is facing huge infrastructure development gap. Private sector is not ready to invest in road, railway, power or any. Ethiopia’s private sector was infant, and the demand side of economy must be boosted to ignite the supply side. These factors are still true. Next to infrastructure, the biggest sector that requires investment, is agriculture. GoE could simply unleash policy reforms and incentives that could ignite domestic private sector to flock to commercial farming. If PP really wants to shift from demand side to supply side of economy, it cannot do it without involving the domestic private sector in commercial farming. Once this is done, it is simple to achieve structural transformation towards manufacturing. That could have been the real reform. If his is achieved, Ethiopia’s economy would have been set on a stable ground for the coming several decades. Unlike infrastructure development, agricultural and manufacturing sectors cannot become productivity without the private sector investment,” (FGD discussant, March 2024).

The findings also indicated by avoiding EPRDF’s implementation mistakes, developmental state still can work for Ethiopia. “In principle, developmental state is pragmatic. Developmental state does not prohibit stock market, financial sector liberalization, telecom liberalization and other measurements taken under HGER. So government could stay developmental state, and also do all the necessary measurements taken in HGER. But to remain developmental state and do these reforms, government needs to be free of corruption, and must be highly efficient, and able to regulate the private sector. The government also needs a very capable and efficient and able cadre and civil servant. Otherwise, the economic transformation cannot succeed. In absence of such cadre and civil servant, the reform policies cannot be executed. EPRDF had best policy but failed because it failed to create efficient cadre, civil servant and institutions. So the reform needs business-minded and nationalist bureaucracy. Otherwise, it leads to a corrupt and gangster government,” (FGD discussant, March 2024).

Most of the discussants, echoed concerns that there is political motive behind the IMF/SAP assertion in Ethiopia, which is the west's interest. "The west's and IFIs' position regarding Ethiopia is contradictory. They do not want Ethiopia to be a stable and developing country. At the meantime, they do something that seems they want Ethiopia to be stable and developing. They do the later because especially EU and USA fear if Ethiopia is unstable and poor, the migration from Ethiopia will flood them. This is the reason they support us at some time. At the meantime, the west is so afraid of Ethiopia, that Ethiopia, might fall in the folds of Russia and china. They also fear Ethiopia, being an anchor of AU, might coordinate African countries to abandon the west and fully become supporter of Russia and china. So the west is skipping whatever mistake Ethiopian government does. In general, the west's policy position towards Ethiopia is in such a dilemma. Hence, that is why the west is keeping Ethiopia in stagnation. They neither fully support us, they nor fully abandon us," (FGD discussant, March 2024).

4.5.4 Discussing the HGER1.0 Results

Since HGER2.0 is still half-way under-implementation when this research paper is compiled during the first quarter of 2024, it is difficult to discuss the outcomes of HGER2.0. Hence, the researcher resorted to discuss the results of HGER1.0. Government reports, and officials asserts Ethiopia's economy remains resilient and one of the fastest growing economies globally, and the state this due to the HGER measurements taken by the new administration. Nonetheless, delving into the economic measurements and indexes reveals largely otherwise. The parameters and figures indicate government is behind its own targets. Government officials stress especially some HGER1.0 targets did not succeed because it was implemented under the pressures of COVID-19 pandemic, northern war, drought, domestic conflicts in several regions, and global supply chain disruption due to Ukraine and Gaza conflicts.

Other respondents, from development partners and independent think tanks, however, argue HGER1.0 is not fully implemented mainly because HGER contains wrong measurements and IMF and DAG failed to disburse the funds they promised. IMF approved USD5 billion for HGER1.0 implementation. In 2019, Development partners group (DGA) pledged USD10 billion for the implementation of HGER. Both suspended the funds following the northern Ethiopia war. For instance, inflation surpassed 34 percent during HGER1.0. The respondents attribute this mainly to the wrong HGER measurements in devaluing birr. On the other hand, government

attributes this to the imported inflation, which is due to global supply chain disruption. Some researchers at EEA argue the actual inflation is above 70percent and government has been under-reporting it. The underlying factor is broad money supply has been growing at nearly 30pct, according to NBE reports. Government has been injecting money into circulation, to especially during the northern war. Since the money supply was not coupled with production in the real economy, it turned out as inflation.

These measurements indicate the HGER1.0 was not fully implemented. However, government argues Ethiopia's economy continued growing resiliently, due to HGER/TYPP. The decision to stop commercial loans, coupled with the GDP expansion, have resulted in shrinking debt to GDP ratio from 56pct to 38pct. This is good progress. In fact, the share dropped partly as the GDP expands. However, Ethiopia's default on the service of USD1 billion Eurobond, signals still Ethiopia is in debt distress.

Liberalization of the telecom sector for the first time, has on-boarded additional telecom operator to Ethiopia, contributing to connectivity as well as digital financing. Other SOE privatization like in sugar projects, and 40 percent privatization of Ethio Telecom, is affected by the northern conflict.

Nonstop devaluation of birr missed its targets. Mainly it fueled inflation. Despite the expectation to reboot export, export performance remains the same. But in general, HGER's aim of resolving macro-distortions, and shifting the economy towards the private sector, missed its targets largely except in some areas. Wheat production increased through government campaigns. But private investment is crucial to ensure sustainability.

Government reports indicate domestic finance of the banking sector, is allocating almost two third of loan disbursements to private sector. But still government domestic borrowing is high. Central bank also imposed on banks to channel 20 percent of fresh loans to government treasury bills.

The northern Ethiopia conflict, which took place between November 2020 and November 2022, also resulted in a fall-out between GoE and the west in general, leading to IMF aborting its promises to finance HGER. Hence, it is not surprising the economic failures and macro-distortions PP inherited from EPRDF in 2018, are still persisting in 2024. GoE negotiation with IMF still continued to secure another finance to implement HGER2.0 (IMF/WB spring meetings, April 2024).

Most of the respondents, representing especially the private sector, scholars, independent analysts and development partners; defined ‘Homegrown’ as a development carried out by domestic private sector but not FDI and foreign funding. They have no objection to government’s decision to shift the economy from state-led towards private sector led. However, their objection is to the economic open-ups intentionally targeted ushering foreign private sector, which they argued has sidelined the growth of the domestic private sector.

Despite some of the abovementioned achievements, most of the reform measurements targeted along the macro, structural and sectoral pillars of the HGER, remains unfulfilled. Internal conflict in the country led to an unexpected public expenditure in times of reduced revenue leading to an increased deficit. Exports remain low, despite the birr depreciations. Forex reserve is also depleted. Particularly worrying is the high inflation rate of food items since it has an adverse consequence on the poor. Food inflation was 20 percent in 2018/19 and increased to 38 percent in 2021/22. The growth of broad money supply that began in 2016 (see section 1.2 above) along with a recent decline.

The HGER1.0 report concludes that “The GOE implemented HGER against the backdrop of difficult economic problems in the country—two major factors transpired in the country following the onset of the HGER. The emergence of COVID-19 and internal conflicts have made the implementation of HGER challenging. Both of these factors, coupled with other international factors (e.g. Ukraine war) had the effect of changing resource allocation and the efforts in the implementation of the reforms themselves resulting in the reversal of certain measures.”

Tracing the results achieved along the reform pillars, which are macro, structural and sectoral, secondary data indicates most of the targets are off the track, while some are in good progress. Government attributes the failures to unprecedented challenges. But scholar respondents attributed the failures to the flaws and contradictory reform measurements taken in HGER1.0. “The multiple and overlapping shocks during the implementation period of the HGER 1.0 and the ten-year development plan (TYDP) include the impacts of the triple shocks – the COVID-19 pandemic, persistent domestic conflict and security situation, and external economic uncertainties. These multiple and overlapping external and domestic shocks continue to challenge the successful implementation of domestic reforms and development agendas. The shocks have become recurrent and the new normal. The economic and social repercussions of recent shocks have been substantial. These shocks, coupled with global trade disruptions and increases in commodity prices, have led to inflationary pressures, exacerbating the cost of living and food security concerns,” states the HGER2.0 detailed document.

The north Ethiopia conflict alone costed over 28 percent of the GDP, (MoF report). In fact, IMF predicted from the beginning that HGER was doomed to fail unless GoE urgently addresses lingering issues in the early years that followed the 2018 change. Particularly IMF’s Article four document cautioned about potential risks against HGER/TYPP. “The risks to the outlook are tilted to the downside. External risks stem from rising protectionism and weaker-than-expected global growth as well as climate-related shocks. The economic reform drive is taking place against the backdrop of significant political uncertainty and heightened tensions. Despite the post-2018 political reforms taken there is an increase in inter-regional and inter-ethnic tensions, and violence.,” (IMF, Article IV country consultation report, 2019). The IMF document also admitted Ethiopia’s economy would remain susceptible to risks, even after IMF funding supports.

When the HGER was launched end of 2019, there was a USD8.4 billion financing gap to implement HGER1.0, and IMF agreed to close one third of the gap. Donors and other western development partners, DAG, also pledged to provide USD10 billion to finance implementation of HGER1.0. But these financing pledges are not disbursed. In return of Ethiopia’s request, the IMF agreed to disburse USD5 billion for the implementation of HGER1.0. However, the amount

was not disbursed as the west turned its back on Ethiopia following the northern Ethiopia war fought between November 2020 and November 2022. “The proposed IMF program, which unlocks financing from the PRGT and GRA, is expected to fill around one-third of the financing gap, with donor support and privatization expected to fill the remainder. The financing gap is estimated at around US\$8.4 billion over three years, based on projected external financing flows, an estimate of the FX backlog, and the need to build adequate reserve buffers. With firm commitments for the first phase of debt re-profiling, the program will be fully financed for the next 12 months and there are good prospects of financing for the remainder of the program,” (IMF, Article IV Ethiopia country consultation report, 2019).

Government’s documents indicate that the economic reform could not be succeed because the political reform was not complete. The government also attributes the failures in the economic reforms, to disgruntled political forces who have presence in the economic activities. “Government has been under constant and unrestrained pressure from disgruntled forces, organizing and supporting anti-peace elements, by using the economic and political muscles they have built over the last three decades, in order to undermine this inevitable reform process,” (Context and Updates on Current Issues in Ethiopia, 2020, Prime Minister Office). This document details there are political and economic forces accusing the government of “destroying the federal system, bringing back the old centralist government system and threatening to roll back the hard-won political gains.”

The targets of HGER1.0, which were largely missed due to various factors, are now being implemented through the HGER2.0.

Next Reform direction: Targets of HGER2.0

The second HGER, which is being implemented between 2023/24 to 2025/26, is part of the TYPP and just an extension of the HGER1.0. The HGER2.0, apart from ambitions to pursuing the reforms started under HGER1.0, has also some new initiatives. The following are few of the new measurements planned in HGER2.0.

Table 4.6 :Targets of HGER2.0

Measurement	Target time	Institution
Rationalizing and Removing VAT Exemptions	June 2024	MoF
Ending Direct Fuel Subsidies	June 2026	MoF
Prepare Policy Document for Foreign Exchange Policy Reform		NBE
Open banking sector for foreign competition	June 2024	NBE
Liberalize the export, import, wholesale and retail businesses for foreign players	June 2024	Investment Board
Accession to World Trade Organization	2026	MoTRI
Study and introduce agricultural income tax	June 2024	MoA
Establishing Market-Friendly Government Service Delivery System		CSC

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter deals with summary of findings, conclusion and recommendations.

5.1. Summary of Findings

As per definition of Homegrown, which states Homegrown shall not be attached to any external conditionality, HGER/TYPP misses this criteria. As HGER/TYPP did not fully participate local actors and did not pass through local platforms like the parliament, it also misses another criteria. The fact HGER/TYPP is based on Pragmatic approach and did not subscribe to any ideology, makes it Homegrown. The fact HGER/TYPP is copied still fulfills Homegrown definition of 'borrowing ideas from abroad' but the fact HGER/TYPP is not fully contextualized and domesticated, misses the criteria. As per Solow's Neoclassical Growth model, opening up the economy is crucial in order to attract foreign investment and technological adoption. This is crucial as saving, investment and innovation is lower in Ethiopia.

Both IMF and GoE concretely agreed that the HGER/TYPP is necessitated to correct the wrong financing model adopted under EPRDF's developmental state model. It is based on this premise, that government introduced all the reform measurements introduced in the HGER/TYPP, which is also validated and approved by IMF.

The opponents, which are scholars, private sector and some development partners, agree with the premise that EPRDF has committed mistake while implementing developmental state model. However, they object government's conclusion of that mistake can be corrected by foreign private sector. Instead, they agree that those mistakes can be corrected only by the current Ethiopian government and the domestic private sector. To this end, they underline if the current government realizes institutional capacity, efficiency, and regulatory capacity and focus on focusing on capacitating the domestic private sector, they believe the domestic private sector is ready to take up the burden. They also caution that the foreign private sector is also a threat for the national interest in the long term.

The reform pillars in HGER, which are macro, structural and sectoral, are essential for Ethiopia. However, they are not sufficient to realize the major target of the post-EPRDF reform, which aims at shifting the economy from state led to private sector led economy. This requires liberating factors of production including land privatization, ensure property rights, capital and labor movement, among others. The HGER focused more on macro reform issues, which are directly linked to IMF's principles. But if Ethiopian farmers, factories, industrialists and market aggregators are asked what are their top problems, the HGER/TYPP would have been different. Their major problems are land issues, access to finance, bureaucracy, logistics, R&D and technology.

When it comes to fundamental or principles required to shift the economy to private sector led, still a blurred line persists between the role of the state and private sector. The new administration of post-2018 Ethiopia tried to shift the economy to market economy through supports from IMF, WB, UNDP and western donors in general. Though Middle East and china were also in help, no significant interest was exhibited in terms of preconditions of policy changes, unlike the west.

But the major question, is whether the HGER improved Ethiopia's economy or not. Since the country entered waves of shocks during the HGER1.0 implementation period, the outcomes were hardly positive.

5.2 Conclusion

Content-wise HGER/TYPP is largely similar and synchronized with SAP. Process-wise, HGER/TYPP has local touches. This conclusion concurs with the research conclusion of Bayisa (2021). In terms of drafting process, somehow it is domesticated, by participating Ethiopian officials and government advisors in selected ministries.

Some of the reform measurements like SOEs reform, are rational, to make SOEs efficient and competitive. But SOEs' reform measurement is not an indicative to say Ethiopia's economy is shifting from state-led to private sector led economy. It is still ambiguous, since government took established the first sovereign wealth fund (EIH) and even new SOEs, which contradicts the reform's fundamental reason of shifting the economy from state-led to private sector-led.

Some other parts of the reform measurements, like the continuous depreciation of birr during the HGER1.0 period and beyond, are not logical but undertaken mainly to fulfill IMF's precondition. The birr depreciation is major driver behind the inflation, which almost doubled to 36 percent during the HGER1.0 period.

GoE entered agreements with IMF regarding the reform substance and financing. As the result, the success was also determined as IMF and the DAG in general suspended the finance they pledged for HGER1.0. The major argument here is, would the HGER1.0 have succeeded, if GoE did not rely on the IMF and DAG finance/negotiations promises from the beginning? The preconditions of IMF/WB indicates Ethiopia's policy dependency on external supports. This supposes link to Dependency Theory, as Sibilo (2013) and Celyse theorized.

Government's decision to abandon developmental state and adopt a new approach of pragmatism, has both positive and negative signals. Neither the state nor the private sector can develop the economy alone, unless the potentials of the two are cautiously formulated and implemented. Hence, amalgamating the two is essential.

However, one major shortcoming of pragmatism, which all respondents agreed on, is its lack of economic principle. It has resulted in policy inconsistency, investor uncertainty, and blurry lines between state and private sector role in the economy. In real sectors too, the ruling Prosperity Party's pragmatism approach, has resulted in prioritization of state investments in parks, lodges, and office renovations, instead of investing in real economy sector backbones mainly commercial farming, manufacturing, heavy industries and key infrastructures.

In terms of impact, HGER/TYPP targets failed in the first phases. This failure is partly attributed to flaws in HGER/TYPP design, and partly to the unprecedented shocks like covid19, war. This aligns with the empirical literature review, which stresses SAP in Africa largely fails either due top flaws in design, or poor implementation. Helleiner (1992) also stated IMF/WB funding suspensions and program uncertainty also leads to SAP failure, which also happened in Ethiopia's case. The literature part of this research also detailed SAP cannot result in positive outcomes, when implemented under political instability. This is also what happened in Ethiopia's

case, what Mkandawire and Soludo (1999) described “SAP fails to capture local reform contexts. Hence, it fails under political instability.”

5.3 Recommendation

Since it is difficult to develop relying on exclusively neither with domestic knowledge nor adopted model, it is crucial to strike a balance between endogenous and imported ideas.

Developing scenario simulations can enable identifying clear role of state, domestic private sector and foreign investors in the economy. their roles must be evaluated in light of the need of saving, investment, labor, and technology.

Reviewing the HGER1.0 performance, is critical to determine the impact of the Homegrown Economic Reform, before proceeding with the next editions of the HGER/TYPP. Government needs to ensure the vitality of genuine Homegrown development program, clearly domesticating if ideas are borrowed from abroad, and participating all local stakeholders, building institutional capacities and human capital required to implement it. Clarifying if HGER/TYPP is ‘Home-owned’ or ‘Home-made’ helps citizens to rally behind the reform initiative.

To what extent Ethiopia can shift towards free-market, and to what extent state intervention can be effective?

Devaluation works in an economy where there is surplus productivity. Devaluing birr in the absence of agriculture, manufacturing productivity; only results in inflation; instead of boosting export. Hence, focusing on real sector economy is not optional for Ethiopia.

In a bid to achieve productivity, ensuring factors of production availability is key. To empower private sector, guaranteeing property right and investment laws must be tailored to the factors of production mobility and availability.

Economic open-up, liberalization and privatization must consider not only development but also national interest. The target must be empowering domestic private sector, along efficiency.

Cutting public investments must be coupled with the rate of private sector involvement in investments like infrastructure, agriculture, manufacturing and heavy industries.

Deregulation and de-subsidization exposes the low income population into poverty. Especially as Ethiopia is at post-conflict stage, and largely facing social crisis and huge need of resources to recover from conflict, and climate disasters, deregulation and de-subsidization are harmful.

In order to find the perfect model for Ethiopia, studying which approach is compatible with federal system of Ethiopia, is also critical. Is the institutional demography and civil servant of Ethiopia, as well as the business community are inclined towards capitalism, or socialism?

All in all, apart from addressing the nation's development issues sustainably, the ideal model shall fit with Ethiopians' mindset, resource potential, labor market, and Ethiopia's advantages in the regional and international markets.

The ultimate target of a development model/program is achieving development but not political correctness. Hence, transparency, and clarity are also essential to make a development planning wholly owned and implemented by all stakeholders.

5.4 Future Research Ideas

The following are ideas for future research.

- Can pure developmental state or pure liberalism, be implemented in ethnic federalism like Ethiopia? The nexus between state-power structure, and development ideologies, needs study.
- What are the factors lagging Ethiopia's economy from Rostow's takeoff stage? For instance according to according to the Harrod-Domar Growth Model, Countries able to save 15 percent to 20 percent of their GDP would develop faster. Countries with below this ratio, shall look for external finance sources like FDI, external debts, aid and grants. Ethiopia is saving around 23 percent of its GDP, according to government reports. So why development fast is hindered? South Korea invested above 30 percent of GDP to grow double digit continuously. Ethiopia has been investing around 36 percent of GDP, according to government reports. Why double digit growth remains far-fetched.
- The impact of keeping land under state control, and implications of land privatization on productivity and private sector growth also needs to be analyzed.
- What is the impact of economic open-ups, and liberalization for foreigners; induce on domestic private sector and specially emerging domestic industries?
- Why devaluation failed to boost export as anticipated? Which are the low hanging fruits to transform Ethiopia's economy? Why fiscal and monetary policies in Ethiopia

contradict? Why does the parallel forex market exist? Is government really committed for change?

- How Ethiopia can achieve productivity in real sectors, and transform the economy structurally from agriculture to manufacturing?
- Why import substitution remains daunting? What kind of reform is required to shift the economy from demand side to supply side, or state-led to private sector led? How long it takes? Does the mind-set of Ethiopia as a conservative nation aligns with capitalism or socialism?
- Is the broken political reform the factor for the failed economic reform in post-2018 Ethiopia?
- How does the political dynamism and economic reform affect each other? How the 2018 power change turned out, and why TPLF failed to be part of the new administration? How much is the scar of the northern war and protracted conflicts in other parts of the country on the economy?
- What is the real interest of IMF/WB, the collective west, Middle East, and Asia on Ethiopia and the Horn in general?
- Will BRICS's New Development Bank rebalance the influence of IFIs like IMF/WB?

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ANNEX

KII questionnaire link:

https://docs.google.com/forms/d/e/1FAIpQLSeRdCYmh7jjPjV9U_03XpxIP3Prbqm2zkeK7f_kZ-AvjM1DIQ/viewform?usp=sf_link

KII questionnaires:

I. Questionnaires for Key Informants Interview

1. Since 2018, which economic development model Ethiopia is implementing?
2. Given the contexts of persisting economic challenges and Ethiopia's development aspirations, which/what kind of development ideology/model do you think is appropriate for Ethiopia? Should Ethiopia incline towards liberal economic development approach, socialism, neo-liberalism, social democracy, capitalism, developmental state or Structural Adjustment Program? Please justify.
3. The first Homegrown program (HGER1.0) is implemented between 2019 and 2022. The second episode (HGER 2.0) is being implemented starting 2023/24 Ethiopian fiscal year. Both the HGER1.0 and HGER2.0 are parts of the Ten Years Perspective Plan (TYPP) overarching roadmap. Are the Homegrown Economic Reform (HGER) episodes as well as the Ten Years Perspective Plan (TYPP) entirely formulated by Ethiopians based on indigenous knowledge or emulated from Structural Adjustment Program (SAP)? Did HGER and TYPP episodes are really homemade, and tailored to the specific bottom-up diagnosis of Ethiopian economy? Were the experts/advisors/ policy makers who designed and drafted HGER/TYPP have grass-root experience with Ethiopian economy, or had more exposure to western economies? Did Ethiopian policy makers endorsed SAP prescription and rebranded it as Homegrown? Can you justify your response with reference/evidence?
4. If the Homegrown Economic Reform (HGER) Or/and the Ten Years Perspective Plan (TYPP) emulated from the Structural Adjustment Program (SAP), why it is dubbed "Homegrown?"
5. Was Ethiopia pressured by IMF, World Bank or any other body to adopt Structural Adjustment Program (SAP)? What was at stake, if Ethiopia rejects SAP recommendations?
6. Are the HGER/TYPP reform measurements (liberalization, privatization, deregulation, currency devaluation, spending cuts, and other reform measurements) are appropriate policy

recommendations for a developing economy like Ethiopia? Do you prefer market-oriented economic system, or a system where there is state intervention? Please justify

7. What is the significance and role of the HGER/TYPP model for Ethiopia' since the 2018 economic reform? So in the past years since 2019, is the implementation of HGER/ TYPP episodes resulting in resolving Ethiopia's macro-economic distortions, and resulting in the intended development?

8. What are the tangible impacts HGER/TYPP brought in terms of economic, social and political aspects, in comparison with SAP? Did the HGER/TYPP, based on your observation in the past years since 2019, resulted in taming inflation, boosting employment, reducing external debt distress, improve trade balance, stabilized the macro-economy revitalized the GDP growth? If yes, how? If not, why?

9. If HGER/TYPP is emulated from SAP, is the adoption is based on proper diagnosis on Ethiopia's actual economic situation, or just an outcome of political decision that has been made to garner supports from the development partners, international community and neoliberal supporters?

10. Do you think Ethiopia is on the right economic development path? If not, which areas should be amended? Which development approach/path do you think Ethiopia should adopt?

II. Discussion points for Focus Group Discussions

1. Is the HGER/TYPP formulated indigenously or copied from SAP?

2. Are the HGER/TYPP reform measurements (liberalization, privatization, deregulation, currency devaluation, spending cuts, and other reform measurements) really made by indigenous Ethiopian development planners, or forwarded by external advisors and think-tanks like IMF, and World Bank?

3. What is the significance and role of the HGER/TYPP model for Ethiopia' since the 2018 economic reform?

4. What are the tangible impacts HGER/TYPP brought in terms of economic, social and political aspects, in comparison with SAP?

5. which/what kind of development ideology/model do you think is appropriate for Ethiopia?