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Paper Two

**Strategies for Successfully Developing Economies-
Lessons from Ethiopia**

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1. Introduction

The success or failure of development policies depends heavily on national contexts, policies and strategies. Additionally, any developing economy is also influenced by international conditions and policies of other country and international organizations. Sustainable development is becoming more and more important not only for the national level as uneven development or a lack of development is increasingly becoming a threat not only to the protection of human rights nationally but also internationally. Therefore learning about sustainable and successful development becomes much more than an academic task.

One way of learning more about development is studying the reasons for failure. Much more interesting and more promising though seems to be to study success cases. From success cases we can learn what has been done right and eventually, these cases may be benchmarked for other countries, too. Ethiopia, despite still being a poor country, is one of the success stories of development policy undertaken by a determined government. Within less than twenty years, the Ethiopian government turned the country from civil war and starvation to one of the aspiring countries to reach the Millennium Development Goals by 2015. The aspiration even goes beyond this and it is expected that Ethiopia will be turned into a middle-income society within the next ten to fifteen years.

The paper explains necessary principles for successful development and analyses the socio-political and economic processes undertaken in Ethiopia since 1991. The paper is based on the argument that peace, democracy and development are strongly interdependent and argues that the successful development in Ethiopia is based on the background of political stability and good governance with a federal democratic form of government that respects ethnic diversity and grants the right to self-determination to its nations, nationalities and people. Since 1991, development in Ethiopia has been following the following principles 1) a critical analysis of problems and gaps of the developing nation by its leaders, 2) national ownership of the development of goals and strategies which fit the context of the developing country, 3) active involvement of the people in the design and the implementation of policies and strategies as well as sharing their benefits, 4) high commitment of the political leadership, 5) periodical review of the strategies and policies based on regular evaluation, 6) capacity building as a strategy and a principle to achieve the objectives, and last, but not least a strictly pro-poor economic approach.

In the Ethiopian case a high level of political stability and based on this, significant development including a two-digit growth over the last eight years can be observed. The paper highlights the strategies applied in Ethiopia which have led to this growth and to the expectation that Ethiopia is likely to achieve the Millennium Development Goals. Two principles underlying all strategies can be mentioned here: the recognition that the most

important resource of the country is the human resource and the recognition of the right to self-determination of Ethiopia's nations, nationalities and peoples. The first principle led to full involvement of communities and people and a very high participation rate. The second principle led to federalizing the country and thus allowing the nations and nationalities to get equal chances for development including special support for previously disadvantaged groups can be named as one of the most important outlets for success.

Further on, the paper reflects on the current strategies to turn the country into a middle-income economy through the application of a new program, the Growth and Transformation Plan.

The paper concludes on lessons learned and applicability to other developing countries. This section refers to the importance of equity which might be helpful in other contexts, too.

2. Development in Ethiopia

Ethiopia being the cradle of humankind went through waves of development and recession throughout her long history. From a very advanced civilization Ethiopia degraded to one of the poorest countries because of war and suppression. Currently we can observe a renaissance of the strengths of Ethiopia. The following analysis will demonstrate how this change for the better has been achieved.

Constitutionalism, Democracy and Federalism

As in many other developing countries, in Ethiopia, we started the process of development after a radical system change. The first step undertaken by the new political leadership in 1991, was to deeply analyze the problems and root causes of the low level of development as well as the historical, cultural and geographical context. Based on the assumption that people, institutions and societies usually learn more out of their own experiences than out of those of others, the achievements and shortcomings of the country have been analyzed first. Having done this, a wide study of experiences of other countries with regard to development and poverty eradication has been undertaken.

Knowing about internal problems and the vast experiences of other countries, we are also aware that not every strategy works in every context and no size fits all. Based on our priorities we then designed strategies fitting with our context. The result of the problem analysis led first of all to an immediate option for a decentralized form of government and then a federal form of government to accommodate our diversity.

Ethiopia is a country of high ethical, cultural and religious diversity. Ethiopia consists of 75 ethnic groups, who because they all have a distinct history of statehood, distinct languages and cultures, are considered nations, nationalities and peoples. Additionally we find followers

of all Abrahamic religions in Ethiopia. This diversity has been considered a threat by previous regimes and has been suppressed which made it difficult for large parts of the society to identify themselves as Ethiopians. After 1991 this approach has been reversed completely. Starting with the Interim Charter and even stronger through the Constitution of the FDRE, diversity is being seen as an asset of the country. Based on equal rights, all ethnic groups, Ethiopia's nations, nationalities and peoples, are equipped with the unconditional right to self-determination. This includes the right to self-administration and goes as far as the right to secede from the country in case of need. The article in question, Article 39 (4) of the Ethiopian Constitution has been criticized by a number of opponents who argue that the right to secession incorporates a recipe for disaster and disintegration of the country. However twenty years later, not a single request for secession has been made and Article 39 (4) has proven to be rather a holding-together factor. Because of the voluntary commitment of the nations and nationalities to re-form Ethiopia as a state and because each of them are free to go, if the need arises, special care is being given to avoid a situation where such need might be felt. The nations, nationalities and peoples own this constitution; sovereignty has been vested in them. Therefore it is not surprising that the nations, nationalities and peoples also interpret this constitution through their representative body, the House of Federation which constitutes the Upper House of the Ethiopian Parliament.

In this Chamber, each nation, nationality and people have at least one representative and an additional one for each Million of population. The House of Federation not only interprets the constitution but also resolves conflicts arising between regional states or a regional state and the federal government. Further on, it develops and decides upon the formula for vertical fiscal equalization, thus providing the regional states with fair shares of funds to carry out their mandates. Overall, the House of Federation is responsible to ensure fair and equal development across the country and to strengthen unity within diversity (Article 62 of the Constitution and Proclamation 251/2001).

The constitution grants all ethnic groups the right to use and further develop their language and culture, and therefore gives them equal status in public and private life for the first time in the Ethiopian history. This includes the right of every child to obtain primary education in their mother tongue. Unlike in previous regimes, state and religion has been separated, no religion dominating any other religion and enabling followers of any religion to participate equally in economic and political processes.

In practical terms it means that all nations, nationalities and peoples have equal chances to participate in political and economic processes and have equal access to resources and power which constitutes a 180 degree shift from previous regimes' approaches. Equal access and active participation in economic processes, from design, through implementation to benefiting from the achievements made, have created an environment where people feel safe

and have gained the necessary confidence to jointly aspire further development. The stable and democratic environment is the basis and precondition for development in Ethiopia, as much as fair and equally distributed development is necessary to maintain democracy and peace in the future.

Highly linked to the inclusiveness of the Ethiopian government are its high responsiveness to the needs of the people and the strictly pro-poor approaches it is applying. Responsiveness is the basis for accountability which constitutes another determining factor of the success of development endeavors and the political stability and peace achieved. The Ethiopian parliamentary and federal system of government ensures not only accountability on the federal level but also empowers people to take their matters in their own hands on the regional and even sub-regional level. Problems can be solved on the level they occur, thus ensuring the best fit of solutions applied.

Ownership at all levels

From the Ethiopian experience we can state that the most important precondition for any kind of development is ownership. In order to understand this, we have to state that we have a far broader view of ownership than the narrow concept a number of international organizations are using. With regard to development, ownership not necessarily refers to private ownership of resources. In the development context ownership means that a nation seeking development, be it economic, democratic or any other kind of development, has to own this desire. The nation has to identify its own problems and to find its own ways to solve these problems by setting their own priorities.

This does not mean that external help would be rejected, the contrary is true. Ethiopia like any other developing country needs the help and support of other countries and nations. But, whatever strategy is decided to achieve development has to be generated within that nation and not outside. Any type of strategy which is not owned by the people is doomed to fail, while only internalized and owned strategies will succeed.

Ownership in the Ethiopian context also means that not only the political and economic leadership identify with the strategies and policies but also the population at large. In Ethiopia, people are strongly participating in development endeavors and political decision-making processes through various mechanisms.

The Constitution sets up a federal system granting all ethnic groups the right to self-determination. Regional governments decide on the matters concerning their territory and people whom they are representing. All regions have democratically elected parliaments and governments being accountable to the parliaments and therefore the people. The decentralization down to district level – in Amharic “woreda”-level further strengthened this

trend. Today, development programs are locally decided and make citizens not only to beneficiaries of services, infrastructure and improved living conditions, but also to decision-makers. The citizens actively participate through local councils and again in the implementation process. Almost half of the adult population is represented in the locally established councils which are elected in free and fair elections for five-year terms. This high level of ownership is manifested in high satisfaction levels regarding services.¹

As has been mentioned above, ownership does not mean that a developing country should be self-reliant and avoiding external assistance. Developing countries lack the necessary capital and most often can usually highly benefit from the knowledge and expertise of others. Ethiopia has learned a lot from other countries experiences and is still doing so. The strategy applied is to seek the cooperation of donors who are willing and able to engage in eye-to-eye partnerships where the final decision about the policies is taken internally. Cooperation has included infrastructure and capacity development as well as industrialization and financial cooperation.

Capacity development

The problem analysis showed that a general lack of capacity was the next most imminent problem. Therefore a large range of strategies for sustainable and systematic capacity building has been developed. For example, in 1993, there were around three million children enrolled in schools, in 2007/08 this number has risen to almost 17 million children enrolled in schools.² The ratio between male and female students enrolled in primary and secondary schools in grade 1-8 is almost equal, 46.5 percent of the students being female. On college and university level, the ratio is only slightly smaller, 45 percent of the students being female. For comparison: in 1986, the last year statistics of the Derg-time are available, 5.3 percent of the children were enrolled in secondary education (292,385 out of 5.5 million). In 2009, the enrolment rate was 38.1 or (3.4 million out of 8.8 million) which means an increase of 3.1 million students enrolled in secondary education.³

Capacity development was not only undertaken in terms of schooling, but also in terms of the construction of universities across the country and in vocational training as well as the provision of extensive training opportunities for political leadership as well as civil servants. The results of these integrated capacity development efforts read as follows: the number of

1 The World Bank comes to the same conclusion in: Garcia, M. and A. S. Rajkumar (2008). Achieving better service delivery through decentralization in Ethiopia. Washington D.C., World Bank.

2 See CSA, <http://www.csa.gov.et/surveys/National%20statistics/national%20statistics%202008/Section%20P-%20Education.pdf>, viewed on August 17, 2011.

3 Ministry of Finance and Economic Development (2010). Growth and Transformation Plan (GTP) 2010/11-2014/15. Addis Ababa and Federal Democratic Republic of Ethiopia Population Census Commission (2008). Summary and Statistical Report of the 2007 Population and Housing Census: Population by Sex and Age. Addis Ababa.

universities rose to 22 plus four government colleges in 2010, currently Technical and Vocational Training institutions have an intake capacity of 430,562 students per year.

Graduates from these institutions receive technical and vocational training in national programs and through various international cooperation programs directing at the enhancement of engineering for example. Various industrial sectors have been systematically strengthened across the country. These efforts have shown significant results as for example a significant increase in the export of leather products.

Infrastructure development

While infrastructure (roads, telecommunications, airports, water and sanitation) have been at a very basic level at best, when the current government came to power in 1991, the situation 20 years later looks by far better. Today, the network of roads is good due to a focus on enlarging and improving the road network. Regarding air-transport, Ethiopia has become Africa's leading country with Ethiopian Airlines being one of the few airlines meeting international safety standards and providing services across the continent and beyond. Addis Ababa Bole International Airport has become one of the three inter-continental hubs of the continent.

The investments into infrastructure directly benefitted the poor and enabled farmers to transform from subsistence into more specialized and market oriented farming. Today farmers not only can easily transport their goods to the markets, the farmer also has the means to obtain up-to date information on market prices and demands through modern means of telecommunication.

The wide expansion of roads and air-transport has enabled producers from previously cut-off areas to trade their products in urban areas which have also been developing rapidly. Regional capitals becoming sub-national centers of trade and industry, the influx of people into the capital Addis Ababa is relatively low in comparison with unitary developing countries. The equitable development across the country enables social structures to maintain in place and prevents social and even criminal problems.

Equity and benefits for all parts of the society

Equity and benefitting the society as a whole is another important principle, the Ethiopian Government is following in its endeavors to develop and stabilize the country. This means that the strategies and policies are designed with the people and for the people. It is taken care for that all infrastructure improvement and social service improvement is carried out

throughout the country ensuring the constitutionally granted right of all people to have access to the same services.

Fiscal transfers from the federal to the regional level are equalizing imbalances, giving special attention to the emerging regions which had been neglected and disadvantaged by previous regimes. The special attention given to the emerging regions demonstrates again the solidarity which is one of the important pillars of the Constitution and the strategies of the government.

Equity and some neo-liberal ideas do not get along with each other. In Ethiopia, equity stands above blind market principles meaning that the government is not ready to accept all ideas of international neo-liberal ideologies. Each proposal or idea is analyzed first and only adapted if it serves the general approach of equity. The reluctance to buy into any neo-liberal idea has proven very helpful during the international banking and financial crisis: because our banking sector is highly regulated, we did not encounter our own financial and banking crisis. Thanks to this, we only encountered the external effects of the crisis while being protected from an internal crash.

Table 1 Growth Targets and Performance under PASDEP

Sector	Average growth targets (2005/06 – 2009/10)		Average growth achieved (2005/06 – 2009/10)
	Base case scenario	High case scenario	
Real GDP (%)	7.0	10.0	11.0
Agriculture and allied activities	6.0	6.4	8.00
Industry	11.0	18.0	10.0
Services	7.0	10.0	14.6

Source: (Ministry of Finance and Economic Development 2010)

Table 1 shows the targets, the leadership has set for the last five-year plan, the Plan for Accelerated and Sustained Development to End Poverty. As we can see from the table, the minimum target growth of the real GDP was 7 percent, the maximum expectation of economic growth during 2005/06 and 2009/10 was 10 percent. From the right column we can see that the actual growth went beyond the most optimistic expectation and reached 11 percent. We can also see that expect for the growth in industry, the real growth has been higher than the most optimistic targets.

Integrated strategies for balanced budgets and better services

The strategies and policies have to fit the context of the country they are going to be applied in and they have to induce change in order to overcome deficiencies. This is one of the more problematic aspects of development policy. People generally fear change because of various

factors: some fear to lose privileges, status or power/influence. Others fear to be left behind because they might feel incapable of keeping up with new technologies and or ideologies. Therefore an agreement regarding the objectives between government and society needs to be in place. The strategies chosen need at the same time to fit the context and to change the context in order to achieve change and the agreed objectives. As we can see from the examples discussed above, Ethiopia has managed to find this balance.

As has been mentioned above, the strategies need to be context sensitive. Additionally the strategies for different sectors have to be integrated in order to avoid that different sector strategies hamper each other. For example a strict industrialization strategy might not look into environmental or cultural aspects which being implement might then again prevent any sustainable development.

Strategy and policy development needs to ensure that all strategies and policies work towards the objectives and that none of the strategies or policies negatively impacts on other strategies. In order to achieve this, the implementation of the strategies needs to be monitored closely. Monitoring not only observes the progress of implementation but also the impact of the strategies regarding all sectors.

From its beginning in 1991, the Ethiopian government has been focusing on strategies benefitting the vast majority of the population with a strict pro-poor economic policy. This policy, while having been criticized by some international organizations, has been based on the socio-economic status quo of the country in 1991. The government promoted agriculture-led industrialization, focusing on the most important asset of the country: the people and their workforce. Through enabling fast technology-transfers and by assisting farmers to upgrade themselves and providing education and infrastructure, the country achieved significant progress regarding development. Today, the country has advanced by far and industrialization can be brought a step further, still focusing on small and medium-sized enterprises, enabling the majority of the people to be part of this development. This policy does not buy into all of the neo-liberal market approaches, but focuses on equal development. The government is correcting market-failures whenever they threaten the well-being of large parts of the society. Examples for the effectiveness of this policy can be seen from the relatively low impact the global financial crisis had on the Ethiopian financial market and from the constant economic growth despite inflation.⁴

Another figure demonstrating the success of Ethiopia's development strategies is the development of the ration between domestic revenue, aid and loans. While the revenue from

⁴Teshome A. (2011). "Sources of Inflation and Economic Growth in Ethiopia", Part II, AigaForum, http://aigaforum.com/articles/Inflation_and_Growth_Ethiopia_Part2.pdf, reviewed September 1, 2011

direct taxes has almost tripled between 1999 and 2002 EFY, revenue from foreign trade tax has almost doubled, borrowing have been held relatively constant and foreign aid assistance has not significantly increased.⁵ This means that within the four years analyzed, the economy became much more sustainable and enabled the government to increase further investments in infrastructure, education and other services.

Table 2 Overview of the Status Quo of the Economy in 2009/10

Sector	2009/10
Telecom	
Mobile density (per 100)	1.5
Telephone service coverage within 5km (%)	49.3
Fixed telephone subscribers (in millions)	1.2
Mobile Telephone subscribers (in millions)	7.6
Internet service subscribers (in millions)	0.20
Urban Development & Housing	
Reduce urban unemployment rate in towns under integrated housing development (000)	176
Provision of housing and basic services (Number of Housing Units)	213,000
Reduction of slum areas (%)	40 (2000)
Education	
Gross Primary Enrollment Ratio (1 to 8) (%)	94.2
Primary school ratio of girls to boys	0.93:1
Primary Pupil: text book ratio	1.25:1
Primary Net enrollment ratio	87.9
Secondary school gross enrollment ratio	38.1
Government higher institution intake capacity (under graduate)	185,788
TVET intake capacity	430,562
Adult literacy rate (%)	36
Health	
Primary Health Services Coverage (%)	89 (2008/09)
Under Five Mortality Rate (per 1000)	101
Maternal mortality rate (per 100,000)	590
Contraceptive Prevalence Rate (CPR) (%)	55
Proportion of Births Attended by Skilled Health Personnel (%)	25
DPT 3 vaccination coverage (%)	81.9
Percentage of Households in Malaria Prone Areas with ITNs(%)	100

Source: (Ministry of Finance and Economic Development 2010)

⁵ Central Statistics Agency of FDRE (2010). "National Statistics Abstract." Retrieved 18.08.2011, from http://www.csa.gov.et/index.php?option=com_rubberdoc&view=category&id=75&Itemid=561.

The efforts of the government led not only to more balanced budgets but also to a significant increase in services, infrastructure, capacity and economic activities. The initially very weak private sector is being strengthened and activities are undertaken in order to encourage citizens to create employment opportunities. At the same time, national and international investors are welcomed warmly. Table 2, above, provides an overview of the status quo of the economy in 2009/10. The figures demonstrate the achievements in all sectors.

If we look into data regarding the beneficiary of economic growth in Ethiopia, we can clearly see that economic growth is pro-poor growth, meaning that economic growth largely involves and benefits the society at large, including increased social development. For example, rural water supply and sanitation have risen from 17 percent in 2000 to 66 percent in 2009, internet subscription has risen from 4000 in 2000 to 71,000 in 2009 and the percentage of people living below the poverty line have been reduced by almost fifty percent.⁶

Leadership capacity and commitment / Evaluation of strategies and policies, periodical reviews

Leadership plays a significant role in development. The Ethiopian leadership identified problems, challenges and sources of conflicts and drafted solutions to best resolve these issues. It also ensures capacity building on all levels and in an adequate way.

Leadership also needs to be accountable and honest. In the Ethiopian case, the leadership has not only proven to fulfill these two requirements but additionally is able to identify the necessary programs and to implement them properly. In other words, the Ethiopian leadership has proven its integrity and the vision to transform the country.

All strategies and policies decided and implemented require a massive commitment of the leadership. In Ethiopia we can observe this high-level commitment. Leaders are constantly upgrading their own knowledge and ensuring the implementation and evaluation of the development policies, so enabling well-informed decisions and reviews of programs.

The government is working based on five year plans on every level of government. All approaches of the government are strictly pro-poor and therefore matching the needs of the majority of the population. Plans are constantly monitored and regularly evaluated. Based on these evaluations, amendments are being made. The leadership ensures quality through regular training upgrades for both, political leaders as well as civil servants. Based on the results of the previous Plan, the Plan for Accelerated and Sustained Development to End

⁶ See e.g. Table 2 and Teshome A. (2011). "Sources of Inflation and Economic Growth in Ethiopia", Part II, AigaForum, http://aigaforum.com/articles/Inflation_and_Growth_Ethiopia_Part2.pdf, reviewed September 1, 2011

Poverty (PASDEP), which had been designed in order to achieve the Millennium Development Goals, the new plan, the Growth and Transformation Plan has been developed.

Good Governance and Political Stability

None of the above mentioned success would be feasible without political stability. After a long period of civil war and suppression, political stability started to evolve in 1991. Since then, a federal democratic constitution provides the framework for equal access to political and economic resources for all parts of the society. The government has established democratic structures with free and fair elections being held every five years on all levels of government. Within a parliamentary system, the government is accountable to the parliament and the parliament to the people. Enormous efforts in providing not only voter but also constant citizen education with regard to their rights are being undertaken. This results in an environment where the vast majority identifies with Ethiopia and appreciates the efforts undertaken and the results achieved. Even though not all of Ethiopia's neighborhood is peaceful or friendly, Ethiopia is managing to maintain political stabilities despite attempts of certain neighboring governments trying to disturb peace and stability.

Ethiopia has volunteered to participate in the African Peer Review on Good Governance, allows international observers to monitor elections and cooperates with a large number of other countries with regard to good governance. People are being encouraged to report any sign of lack of good governance and internationally accepted institutions like the National Electoral Board, the Human Rights Commission, the Ombudsman Institute and last but not least the House of Federation in its capacity to interpret the constitution ensure that human rights are respected and maintained. Surveys show that there is an increase in trust into institutions expressed by the population.

Until a number of other developing countries where governments argue that democracy could only be implemented after development has already been achieved, Ethiopia is both, a developmental and democratic system. The leadership is convinced that sustainable development can only be achieved within a democratic system with an accountable and responsive government. Signs of rent-seeking and corruption are not being tolerated but fought against. The successes already observed prove this assumption to be right: since 1991, Ethiopia has seen substantive and continuous economic growth and development, people actively participate in the economy as well as in politics, directly and through free and fair elections.

Beyond the national focus on development, Ethiopia has ensured to also pursue peaceful and friendly politics and diplomacy. Being aware that only national political stability and peace will not be sufficient, but external peace is also highly important, the government follows the principle of diplomacy of mutual benefits with neighbors and any other countries. None of

Ethiopia's policies is harming any other country and none of Ethiopia's ideas is being imposed on any other country. Ethiopia has been strongly contributing to ensure peace in Africa through international peace-keeping missions and founds its successful development on a peaceful co-existence with all other countries.

Turning the country into a middle income economy

Based on the results of previous plans and the evaluation of these policies and strategies, the Ethiopian government has been able to set further goals for the future. As we have seen in Table 1, the previous plan, PASDEP has been highly ambitious and still, the success turned out even higher than the most optimistic expectations. The stable and secure political environment has motivated and mobilized the people to become the drivers of development.

While the country is expected to achieve the Millennium Development goals, the government wants to turn the economy into a middle income economy within the next ten years through the Growth and Transformation Plan (GTP). Based on the experience with PASDEP, the ambitious Growth and Transformation Plan has good chances to be realized.

The Growth and Transformation Plan, like PASDEP, follows the principle of pro-poor economic growth and has the following major objectives.

1. Maintain at least an average real GDP growth rate of 11% and meet the Millennium Development goals,
2. Expand and ensure the qualities of education and health services thereby achieving the MDGs in the social sectors,
3. Establish favorable conditions for sustainable state building through the creation of a stable democratic and developmental state,
4. Ensure growth sustainability by realizing all the above objectives within a stable macroeconomic framework.

Strategies in order to achieve the objectives of the GTP may be summarized as follows:

- Sustaining faster and equitable economic growth
- Maintaining agriculture as a major source of economic growth
- Creating favorable conditions for the industry to play a key role in the economy
- Enhancing expansion and quality of infrastructure development
- Enhancing expansion and quality of social development
- Building capacity and deepen good governance
- Promotion of women and youth empowerment
- equitable benefit for the whole society

Within each of these strategic areas targets and activities have been developed and are currently being implemented. Table 3 provides an overview over the targets of the Growth and Transformation Plan until 2014/15.

Table 3: Expected Development under GTP

Sector	Base Year (2009/10)	Five Year Average (2010/11-2014/15)	
		Base Case	High Case
Agriculture and allied activities	6.0	8.1	14.9
Industry	10.2	20.0	21.4
Services	14.5	11.0	12.8
Real GDP	10.1	11.2	14.9

Source: (Ministry of Finance and Economic Development 2010)

Based on the high mobilization of the people which even went beyond the leadership's expectation, qualitative change is very likely to happen. The economic structure of the country is changing significantly and rapidly leading to strong increases of the export volume. Because of the developmental leadership and its success, public participation is also accelerated.

3. Conclusion

Successful economic development depends on various factors. While we can conclude that there is no ready-made recipe for success, we can still learn a number of lessons from the Ethiopian case. First of all, the Ethiopian government, when coming into power in 1991, immediately started to correct injustices, committed by previous regimes. The government immediately adopted the right to self-determination of Ethiopia's nations and nationalities in order to enable them to take their destiny into their own hands while providing assistance and support in terms of fiscal equalization, infrastructure and service development as well as capacity building.

The federal democratic constitution provides the framework for equitable development which has been consequently implemented and pursued by the government. Equitable development might be one of those success factors to be exported into other developing economies. Equity provides the basis for a peaceful co-existence of diverse societies because it prevents injustices and neglecting some parts of the society. Equity along with the principles of good governance again provides the necessary requirement to obtain peace and political stability, two factors very much needed for sustainable development.

A second exportable idea might be the focus on the needs of the society and the resulting insistence of only applying and implementing such strategies fitting the context and the needs while neglecting and rejecting non-fitting ideas. This might involve some less pleasant encounters with international partners, but in the end governments are accountable to their people and not to international organizations. The objective is development, peace and stability not the testing of ideas.

The third factor which might be applicable in any other country is commitment and integrity of the leadership. The Ethiopian leadership is highly committed to peace, democracy and development. The leaders are sacrificing their lives for the improvement of the country and not the other way round as it can be seen in some other countries. This type of leadership could be exercised in other countries as well.

A fourth factor is the succession system, the Ethiopian leadership has developed in order to keep the momentum of development. Not being satisfied with short-term successes, but focusing on the long-term development, preventing rent-seeking through the establishment of a competitive system and being ready to revise strategies at the right time helped our country. This could work in other developing environments as well.

Last but not least, Ethiopia's success is founded on the insight of the leadership that the people constitute the major resource of the country. This means that people have to be enabled to be active, prepared to change their mindset towards development and that the rights of people have not only to be respected and protected but that all policies have to benefit the majority of the people and not only small elite groups.

Ethiopia, while still being a poor country, has gone a long way during the past twenty years. Being aware that there remains a lot to be done, the country can be proud of what has been achieved already. The confidence in Ethiopia as a safe place for both, domestic and foreign investment has risen significantly resulting in increasing investments which will again spur economic development.

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