



## Neo-liberalism and Structural Adjustment Programs: Effects of Institutional Reforms on Agriculture Based Economy in Ethiopia

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### Abstract

Neo-liberalism is a set of market oriented policy. Structural adjustment program is development thinking of neo-liberalism embarked upon the global economic disaster put into operation in Africa and Ethiopia as well. In 1991, structural adjustment program was adopted in Ethiopia ten years later from other Sub-Saharan African countries. Despite several policies were established and put into practice, the program could not continue after 1995. The objective of the study was to explore the effects of structural adjustment program and neo-liberalism on political economy of Ethiopia. The study was at national level. Secondary data were collected from various empirical and theoretical literatures such as policy briefs and study findings. Qualitative methods were used for analysis. The review results revealed that mixed economy had been implemented in Ethiopia since 1991. On wards 2000, an interventionist economic model was took place and changed to democratic developmental state in 2007. The structural adjustment program and neo-liberalism reforms resulted for establishing of diverse national policies, strategies, plans, programs and projects. Currently, Ethiopia is undergoing various development interventions applied at different sectors. Therefore, this paper highlighted on debates and arguments on development institutions that Ethiopia put into practice several programs. However, it was not without limitations, gaps and overlaps for which the government could not give due attention for evaluating programs and projects for its sustainability. Hence, institutional reforms should be revised or changed after critically evaluated in consultation of academia, policy makers, researchers and professionals.

**Keyword:** Agriculture; Developmental State; Neo-liberalism; Policy; Reforms

### Abbreviations

ADF: African Development Fund; ADLI: Agricultural Development Led Industry; IMF: International Monetary Fund; GDP: Growth Domestic Product; GTP: Growth Transformation Plan; SAP: Structural Adjustment Programs

### Introduction

Development is a multi-dimensional process involving changes in social structures, institutions, acceleration of economic growth,

the reduction of inequality, and eradication of poverty. The theory of development in neo-classical economics and neo-liberalism is market led through structural reforms in the form of deregulation, privatization, liberalization and get prices right. The recent themes of this theory are financial crisis, market failure, safety net, human capital, good governance, sustainability, debt reduction, and new institutional economics [1]. In 1930s-1970s classic liberalism and modern liberalism were advocated by Adam Smith and an American economist John Maynard Keynes. Neo-liberalism was spread in

USA and UK and then all over the World [2]. Several scholars argue that liberalism was imposed on developing countries by the Western states in order to advance their own economic and political interests (ibid). Neo-liberalism is an anti-development perspective, not in terms of goals but in terms of means [1]. It was introduced to Africa through international financial institutions under the name of Structural Adjustment Programs (SAPs) by World Bank and economic stabilization project of the IMF. The political economy largely sets on the rural economy and Ethiopia is following one of its paths-neo-liberalism [3].

According to Peace [4], urban and rural population of Ethiopia is growing at annual rate of 4.9% and 2.2% respectively. Currently, nearly 80.0% of the population lived in rural areas. Not only natural hazards that resulted in low productivity but other manmade challenges also exacerbated poverty in Ethiopia. The problems of the country are multifaceted one can explain using various theories and empirical evidences that put either on institutional or structural dimensions. However, recurrent famine, food insecurity, high inflation, low level of domestic saving [5], environmental degradation and lack of institutional instability [6] are among major problems of the country. Moreover, poverty, food insecurity and environmental degradation are the key challenges in the rapidly changing world in general and in Ethiopia in particular. The objective of this paper is to explore reforms of SAPs and its effects on Ethiopian economy. The country has undertaken various reforms, programs and projects following the introduction of SAPs that have been implemented since the beginning of 1990s.

The Ethiopian government received financial, technical and debt reliefs from bilateral and multilateral donors and from many developed nations in different periods during the implementation periods of SAPs. One of the leading bilateral donors to Ethiopia is the United States which contributed US\$ 875 million in 2010. African Development Fund (ADF), World Bank, Switzerland, Germany and others were the major donors. In 2011/12, a total of 3175.8 million US dollars was committed out of which 1737.7 million US dollars was secured and 92% was in the form of grants from different donors [5]. Despite numerous studies have been carried out related to economic reforms, the effect of liberalism and post-liberalism paradigms in general and SAPs in particular are the missing link in the Ethiopian economy. Thus, this paper shall contribute for development practitioners, politicians and academia in the area of institutional reforms and economic discourse in Ethiopia.

**Methods**

The focus of this study is in Ethiopia. Desk review and public

discourses were the main data collection method. Qualitative data were collected from secondary sources. Various empirical and theoretical literatures such as policy briefs, research findings, government plans, and reports were some of reviewed literatures. Qualitative narrations were employed for data analysis. Hence, the gathered data were organized, interpreted and reported.

**Neo-liberalism and structural adjustment programs  
Development theory**

It is essential to note down about the development theory which leads to SAPs. Theory is a critique, revision and summation of past knowledge in the form of general propositions and the fusion of diverse views and partial knowledge in general frameworks of explanation [1]. Although development can be defined in many ways and has diverse meanings by different authors at different times, it refers to “An organized intervention in collective affairs according to the standard of improvement (Ibid). Development is specification that social groups have access to organizations, basic services such as education, housing, health services, and nutrition, and above all else, that their cultures and traditions are respected within the social framework of a particular country. There are various meanings of development in different times. Some of the meanings of development are explained in table 1.

Period	Perspectives	Meaning of development
1800s	Classical political economy	Remedy for progress
1850s	Colonial economies	Resource management
1870s	Late comers	Industrialization
1940s	Development economics	Economic growth-industrialization
1950s	Modernization theory	Growth, political and social modernization
1960s	Dependency theory	Accumulation of capital, auto-centric
1970s	Alternative development	Human flourishing
1980s	Human development	Enlargement of humans choices
1980s	Neo-liberalism	Economic growth
1990s	Post development	Authoritarian engineering
2000s	Millennium Development Goals	Structural reforms

**Table 1:** The meaning of development over time.

Source: Nederveen [1]

## Neo-liberalism

Neo-liberalism is a set of market based and liberal economic policies [7]. The ideology of neo-liberalism was originated in America at University of Chicago by a classical liberalist and free market thinker Friedrich Von Hayek (1899-1992) with his student Friedman Milton (1912-2006). Hayek advocated deregulation as a result of the failure of Keynes so that neo-liberalism was born. Friedman advised politicians for instance Reagan and Thatcher beyond the role of academic [8]. Friedman's analysis diagnosed the inflation problem in 1970s in the United States and elsewhere as "excess demand" due to monetary ease. He completely rejected wage and price controls as a solution, for several interrelated reasons. Controls did not genuinely remove inflationary pressure but simply meant that price signals were suppressed, creating shortages, or had to be transmitted in a less efficient way, such through quality changes. There were critics for Milton's work. He inspired policies that put millions of people out of work in pursuit of low inflation and demonized almost everything the government did, no matter how beneficial or democratically chosen [9].

Neo-liberalism trailed market-led principles while modernization, dependency and classical economies have shadowed state-led models. On the other hand, the notion of alternative development is society-led [1]. The two most prevalent rationales for the existence of neo-liberalism in the world include: (i) training of teachers at the University of Chicago, and (ii) making to fail the state of Salvador in Brazil. In the world relic, neo-liberalism was imposed for the first time in Chile with the Pinochet military coup of 1973 [10]. According to Tesfaye [11], Chile was the most unequal nation in the world on wealth distributions. Three years later from 1967, the same plan was implemented in Argentina in 1970s and then sanctioned to Turkish in 1980s. Hellman [9] also reported that Neo-liberalism and SAPs devastated the whole sector of Mexico.

Neo-liberalism was started in Britain in the form of privatization as economic transformation by coal mining workers. Although, banks and railways were privatized, their efficiencies were declined. This theory was stretched during the administration of Margaret Thatcher of British prime minister and Donald Reagan president of America and further spread to other countries like Poland, China, Russia, South Korea, Iraqi, Thailand and Indonesia. Thatcher came to power in 1979 and undertook the neo-liberal revolution in Britain and she called it "Social Darwinism". Neo-liberalism focused on making crisis of developmental state. The American economy

was in crisis by 1929 but it was increased again after the Second World War. Consequently, China is the recognized producer and creditor and as the same time accessed loans to other countries and those nations purchased its products [9].

According to George [7], neo-liberalism is competition which separates fit from unfit. It is believed that well-born, best educated and the toughest are benefited and seemed to be advocating a declining role for governments. It also promotes the declining of social expenditures, a commitment to free market, private property and individual incentives. Neo-liberals define anything public as ipso facto, "inefficient". In reality privatization is neither economic efficient nor improved service to consumers but simply transfer of wealth from public to private hands. Due to neo-liberalism policies, over the past 20 years, virtually all countries have faced inequalities. Neo-liberals concentrate all their efforts on three fundamentals such as free trade in goods and services, free circulation of capital and freedom of investment. The role of the state under neo-liberalism is facilitating the market which is, expected to manage a stable macro-frame work, ensure competitive markets, invest in human capital, and arrange safety nets for the poor and the weak. The industry policy is export-led instead of import basis [11].

## Structural adjustment programs

According to Nederveen [1], structural adjustment is one of the developmental models of neo-liberalism. Structural reform, deregulation, liberalization and privatization are economic indicators in the connotation of development in neo-liberalism theory.

## Structural adjustment programs in the world

According to George [7], structural adjustment policies were originated in the late 1970s due to series global economic disaster (oil and debit crisis, multiple economic depressions and financial crisis) in Asia that put into practice by IMF and World Bank in developing countries. These programs were created with the goal of reduction the borrowing country's fiscal imbalance concentrating on trade and production. SAPs implement 'free market' programs and policies including internal privatization and deregulation, and external changes in reduction of trade barriers. These policy changes are conditions for receiving new loans from IMF and World Bank or earning lower interest rate subsidies on existing loans. From 1970s to 1980s the third world countries were unable to continue making payments of their debts on commercial banks in wealthier developed countries. The basic attributes of SAPs in-

clude and emphasized market allocation of resources, decreased public sector spending, liberalization (reduction of barriers that inhibit free trade), deregulation such as reduction of state control over flow of goods and services and privatization i.e. sale of state owned enterprises, shifting provision of many social services to private sectors.

In third world countries, free market economy was encouraged not only for measuring the countering spread of socialism but also it is a means of fostering foreign direct investment. Western companies sought to gain access to extraction of raw commodities like mineral and agricultural products. IMF and World Bank were agents in the perspective of neo-liberalism, monetarism and social liberalism; while structural adjustment and structural reforms are policies. Structural adjustment policies have sought to give them a human face with safety nets, poverty alleviation, or making them more user friendly, contextual and country specific [1]. Bringing the state back in and good governance represents further adjustments (Kiely 1998 cited in Nederveen, [1]).

Development policy during the post war (1800s-2000s), was the tension between two major phases-Keynesian approach and Washington consensus termed as "good policies" -restrictive macro-economy policy, liberalization of international trade and investment, privatization and deregulation (Ocampo, 2001 cited in Tesfaye [11]). Institutionally the main tension in development policy was the rift between Washington institutions (IMF and World Bank) aligned with World Trade Organization and the human development approach (United Nation Development Programs and other United Nation Agencies). The combined effects of the debit crisis, SAPs and desperate investment promoted production for exports and had disastrous consequences for both the poor people and the environment. Among the major consequences: The decline of real wages by 40 to 50% that resulted in widespread popularization; export derives and geopolitical strategies of military regimes contributed to devastation of tropical rainforests (mainly in Brazil); criminalized economies or drug economy, based on coca crops and the production of cocaine and crack threatened democracies (in Bolivia and Colombia, and guerrilla movement flourish in Colombia and Peru).

### SAPs in Africa

In developing countries development had never gone away, the developmental state even if emaciated by SAP, was never quite

away [1]. At the end of cold war and the collapse of socialist system, African countries were forced to undertake SAPs to liberalize their economy [12]. World Bank introduced SAPs as 'Accelerated Development' in Sub-Saharan Africa in 1981 as a cornerstone of policy with the following recommendations: eliminating state subsidies and controls, devaluating local currencies, and let the market determine the price for export raw materials [2]. Although structural adjustment was backed up by IMF and World Bank, countries would have to implement the reforms in order to qualify for credit. The search for an alternative development could easily have been overwhelmed by these events. But it was not realized shortly.

Developing countries are not out of the "poverty trap" but resulted in injuries to the poor. The poorest of the poor were forced into poverty due to low income, increased inequality and less access to social and economic services. In spite of the constant search of success stories by the donors, these programs were failed to bring development. Due to the failure of SAPs and policies of economic liberalization; policy makers and scholars across Africa are recently engaged in exploring alternative development paths [12].

### Effects of SAPs and reforms in Ethiopia

The concept of modernization was started in the regime of Minilik II (1844-1913) as stated by Ghelawdewos [13]. The next era of modernity started in collaboration of America with Ethiopia at early 1940s by means of point four programs (1945-1951) and the technical cooperation and assistance program (1952 -1961) specifically economic and technical aid such as education, agriculture, health communication and transportation [14]. Moreover, agency for international development policy was implemented in Ethiopia (1961- 1968) endorsed by America.

America initiated Ethiopia and introduced the first five year economic development plan (1957-1962) with the core objectives of access to loan, credit and grant. The social and economic assistances include increasing agricultural productivity, trained man power, improving health, training of public administration and strengthening internal security. The co-operation of United States with Ethiopia was for political interests, while Ethiopia has become increasingly dependent upon the United States for both economic and political reasons. Resettlement programs, training of general agriculture in Imperial Ethiopian College of Agriculture and Mechanical Arts (IECAMA) at Alemaya (the then Haramaya University) in 1956 and power dam construction in Finche (1966-1973)

were the major contribution of America between 1950s and 1960s [14].

Various types of development approaches and theories have been used to foster development in Ethiopia. It is impossible to discuss all theories in this paper. However, in the *Derge* regime (1974 to 1990) a highly regulated and controlled economy were implemented based on principles of soviet model of the central planned economy of extensive state ownership and control. With the end of the civil war, the Transitional Government of Ethiopia came into power in May 1991 and undertook transformations of the centrally planned economy to a more liberalized free market economic system until 2000. The government took steps to rehabilitate and reconstruct the war damaged economy by preparing the Emergency Recovery and Reconstruction Program. The international community including ADF supported the program. The aim of this program was promotion of sustainable development and poverty reduction through a fundamental transformation in a centralized planning to market economy [11].

Consequently, mixed economy was approved in which private sector involvement was encouraged with liberalism in some agriculture and non-agriculture sector of the economy. From 2000 onwards an interventionist economic model had been put into action and since 2007 democratic developmental state model has been implemented in Ethiopia. South Africa and Ethiopia in Sub-Saharan Africa and India officially pronounced their pursuit of this type of state model [12]. SAP was the main driver for the introduction of principles of neo-liberalism for economic policies in the policy framework paper, which was signed between Transitional Government of Ethiopia and IMF and World Bank [2]. However, the political economy experienced a closed governance system and suppressed the private actors [15].

As soon as the current government came to power, it started rigorous reforms (first phase reforms between 1991 and 1995) in three fronts: the economic reform changed central planning to market economy; political reform underscore federalism, and power and fiscal decentralization, and constitutional reform-enacting the Ethiopian constitution. In 1992, the policy framework paper with IMF and World Bank, and a Structural Adjustment Facility with IMF were adopted. In the same year, the Ethiopian currency Birr was devaluated by 143% and reforms were instituted leading

to a donor funded through SAP with privatization, liberalization of the private sector and international trade and a move to an auction system for the currency [16].

Ethiopia adopted SAP in 1992 to get assistance from international organizations and could implement between 1993 and 1996 with the support of ADF and other donors [2]. The aim of the program was to reduce inflation, stimulate medium and long-term growth, develop private sectors, foster competition, and promote market determination. In 1993, the Board approved an ADF with the loan of US 63.55 million in support of the program. The evaluation results of the program indicated that the implementation performance of SAP was rated unsatisfactory because of mostly the delay in the implementation schedule [11]. In spite of some initials success, this development strategy led to unsustainable macroeconomic instability which induced the structural adjustment policies of the 1990s.

Inward looking is one of the leading governmental roles in the development path of growth processes [11]. Since the beginning of the 1990s, the Ethiopian economy was undergoing transformation from centrally planned to liberalized economy [16]. In 2001, rural development policies, strategies and implementing documents, and directives were established within the framework of the national development plan. As the same time, a policy framework of Poverty Reduction Strategy Program was launched with the support of IMF and World Bank and its implementation was started in 2002. SAPs underwent the transition to Poverty Reduction Strategy Programs. The first round of Poverty Reduction Strategy Program was Sustainable Development and Poverty Reduction Program (2001/2002 to 2003/2004) and the second round of the program was Plan for Accelerated and Sustainable Development to End Poverty from 2005/06-2009/10 [5]. Consequently, the two five year plans were established -Growth Transformation Plan (GTP-I and II) in 2010 and 2015, respectively [16].

The main objectives of the strategy were acceleration of transformation and commercialization, and enhancing food security. Human development, rural development, food security and capacity building were the four aspects of the strategy. Mining, floriculture, tourism and spice production have inserted into the private sector while infrastructure, financial sector reform, development of agricultural credit and market, improved seed and fertilizer

supply, land tenure security, resettlement, productive safety net program and specialized extension services (SG-2000<sup>1</sup> and participatory, demonstration, training and extension system) were state interventions. This was the first pathway of plan for accelerated and sustainable development to end poverty through intensification of smallholder agriculture. Although the government distributed a huge amount of credit, farmers could not repay the required amount of loan. The second pathway of the plan was commercialization. The third pathway was diversification (off-farm, urbanization and commercialization of exports) with the help of Agricultural Development Led Industry (ADLI) strategy. At this period food production, safety net program and Voluntary Resettlement Programs were the major directions. The fourth pathway was resettlement, migration and urbanization. Between 2003 and 2005 about 500,000 farmers were resettled in three regions of Ethiopia i.e. Oromia, Amhara and Tigray [17]. Relocation of people in terms of Villagization and resettlement programs are the unceasing phenomena implemented during the Emperor Menelik II (1889-1913), Emperor Haile Selassie (1930-1974), Derg regime (1974-1987) and the Ethiopian People's Revolutionary Democratic Front from 1991 to present), which re-started relocation programmes in the early 2000s [18].

The main government implementation vehicle for food security activities is the Federal Food Security Program using three components namely resettlement, productive safety net program (PSNP)<sup>2</sup> and other food security programs such as household packages. This program was supported by European commission, World Bank, development cooperation of Ireland, US Agency for International Development, Canada International Development Agency, and Department for International Development. Food security has many elements in it: Environmental rehabilitation, water harvesting, production of high value crops, livestock and agro-forestry development, diversification, and specialization with market oriented packages or menus [17].

Ethiopia is being populated with a diversity of policies, strategies and documents implemented overlies each other. For instance,

the main thrusts of sustainable development program were agricultural-led industry, civil service, justice reform, capacity building, governance-decentralization and empowerment while the main thrusts of the plan for sustainable development were a massive push to accelerate growth, a geographically differentiated strategy, addressing population challenges, unleashing the potential of Ethiopia's women, strengthening of infrastructure, managing of risk and volatility, scaling up and creating jobs (Ibid).

In developing countries where the great mass of people lives under culture of poverty, people may use revolutionary solution by creating structural changes in a society. Thus, Ethiopia endorsed a national development strategy that has been passed through three stages of implementation: (i) Poverty Reduction Strategy Programs (2000/01-2005/06), (ii) Sustainable Development and Poverty Reduction Program, and (iii) Plan for Accelerated and Sustainable Development to End Poverty (2005/06-2009/10) and Growth Transformation Plan (GTP I) (2010/11-2014/15).

The vision of GTP was stated as "the country where the democratic rule, good governance and social justice reigns, upon the involvement and free will of its people and once extricating itself from poverty becoming a middle-income economy by 2025" [5,19].

Its vision in the economic sector is "to build an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy; to sustain economic development and secure social justice; and, increase per capita income of citizen so that it reaches at the level of those in middle-income countries (Ibid)".

The adoption of SAPs in Ethiopia has focused on two major areas: Macro-economic policy reforms and institutional reforms. In 1990s, the country undertook massive reforms including a new constitution in 1994. Nevertheless, those frequent reforms and adjustments resulted in several challenges. As Getachew (2006) indicated, the poor relationship between Ethiopian government and IMF was due to the negative perceptions, and held of the country

<sup>1</sup>SG-2000 is one of the pathways of agricultural program for input-output model through the principles of intensification. It is a project introduced to Africa and Ethiopia in 1986 and 1993, respectively.

<sup>2</sup>PSNP is one of the reform programs of the country that represent a significant transformation of the government's strategy for meeting the poverty and hunger to meet millennium development goals in Ethiopia

by fund officials. The loan conditionality was donor dictated from international fund institutions attached to SAPs, the government of Ethiopia introduced the three phase reforms: The first phase reform was from 1992 to 1995; the second phase of reform was from 1996 to 2000; and the third phase of reform was onwards 2001.

The first phase of reform is the moment of adoption of SAP in Ethiopia where macro-economic reforms established such as emergency recovery and reconstruction program, and major policies including land policy, women policy, agricultural-led industry and new approaches of extension methods. The second phase was the civil service reform program in which economical, institutional and political changes had been amended. The change in centrally planned economic model to market variant is one of the economical reforms of the program. Change in the form of government from unitary to federal or from hegemony of single party to multiparty is a political dimension of the reform while the institutional aspect comprise many legislative and administrative reforms including financial management proclamation, civil service law, code of ethics, compliant handling procedures, service delivery policy and operating system for budgeting and procurements. The second phase of the reform period was intervened with many challenges and constraints such as service delivery system, policy making and regulations were the major institutional constraints that made challenge the country with the Ethio-Eritrea conflict between 1998 and 2000.

The third and recent phase of the reform is focused on public sector capacity building support programs and environmental policy, water resource and management policy, strengthening of training and vocational educations system. At this period millennium development goals and the new interventionist economic model of the government was adopted with new poverty reduction strategy programs which were laid down as a new century. The identified challenges of the third reforms were environmental readiness, political commitment, required level of technical expertise and institutional capacity (Getachew, 2006).

Within such steady regulated reforms, Ethiopia undertook various projects in selected thematic areas: Geothermal, hydropower, wind, bio-fuel, railway, waste management, agriculture and forestry [19] and Dam construction. Moreover, various development interventions were undergoing in different sectors [5]. Some of those interventions include agriculture, health, energy, social interventions, infrastructure, institutions and management.

No	Lists	Types	Period
1	Point Four Program	Program	1945-1952
2	Technical Cooperation Assistance Program	Program	1952-1961
3	Chilalo Agricultural Development Unit	Program	1966-1970
4	Extension and Project Implementation Department	Program	1970
5	Land reform	Proclamation	1975
6	Peasant Agricultural Development and Extension Program	Program	1985
7	Training and Visiting	Extension Approach	1990s
8	Emergency Recovery and Reconstruction Program	Program	1992
9	Structural Adjustment Program	Program	1992-1996
10	Sasakawa Global-2000	Project	1993
11	Land policy	Policy	1993
12	Women policy	Policy	1993
13	ADLI	Strategy	1994
14	Constitution	Legislations	1994
15	Participatory demonstration training and extension systems	Extension Approach	1995
16	Environmental Policy	Policy	1997
17	Water resource and management policy	Policy	1999
18	Agricultural Technical and Vocational Education	Institution	2000-2008
19	Millennium Development Goals	Goals	2000-2015
20	Poverty Reduction Strategy Programs	Program	2000-
21	Sustainable Development and Poverty Reduction Program	Program	(2001/02 - 2003/04)
22	Voluntary Resettlement Programs	Program	2002/2003-2011/12
23	Farmer Training Centres	Institution	2002
24	Industrial Development strategy	Strategy	2002

25	Rural Development Policy and Strategy	Policy and strategies	2003
26	Plan for Accelerated and Sustainable Development to End Poverty	Plan	2005/06-2009/10
27	Productive Safety Net Program	Approach	2005
28	Democratic developmental state	Model/theory	2007
29	Ethiopia's Program of Adaptation to Climate Change	Program	2007
30	Strategic Investment Framework	Project	2008
31	Business Process Reengineering	Management model	2008
32	Growth Transformation Plan	Plan	2010-2015

**Table 2:** Policies, strategies, programs and projects implemented in Ethiopia.

Sources: Summarized from different sources.

Agriculture interventions include irrigation schemes and technologies such as motor-pumps, pedal-pumps, drip systems; water harvesting technologies and structures; watershed management practices such as afforestation, soil and water conservation, and related activities. In addition, seed multiplication and marketing systems with private sector and non-governmental organizations; productive safety net for asset creation and development works; household package and business plans. Some of the major interventions under health sector are health extension services and HIV/AIDS prevention. Fuel saving stoves, wind and geo-thermal energy, and electric power construction and installation were major intervention of energy supplies.

Gender mainstreaming and empowerment, and population indicators were emphasized in social interventions. Dam construction, rail way and asphalt road construction, information communication technology installation, potable water supply, and condominium house construction were infrastructural interventions of Ethiopia. Institutional and management interventions include access to credit services, management systems such as business process reengineering, balance score card, caisson and scaling up of best practices were implemented.

### Debates of structural adjustment program in Ethiopia

According to this review, there are different arguments on the past actions, measures and development challenges. Accordingly, the effects of reforms and SAPs can be viewed in to encouraging effects and challenges.

### Encouraging effects

Successive and meticulous efforts are paramount important measures in adopting various policies, programs and projects. In this regard, some argued that structural transformation of Ethiopia helps to find out successful pathways of economic reforms: Infrastructural development, economic growth, electrification, large scale land investment, and construction of the Grand Renaissance Dam in Ethiopia [6]. The government of Ethiopia transferred more than 270,000 ha of land for foreign and local investors [3]. Husen [20] noted that smallholders do not have an adequate legislative protection as laws and practices facilitate arbitrary expropriations and land grabbing. Although the policies and strategies are suffered from redundancy, ambitious and overloaded with many programs and lists of models, many improvements have been pragmatic that cannot be denied. For instance, economic, financial and institutional reforms in general and state interventions in particular specifically irrigation schemes, health extension services, increasing of higher learning institutions, hydroelectric power construction and infrastructures including railway, road and building of houses are the prominent economic changes.

### Challenges

Although Ethiopia has adequate human and natural capital, it has been challenged with famine, high income inequality, environmental degradation, low adoption of technologies, misused and inefficient resource management. The devastating effects of neo-liberalism in Latin America and Africa resulted in poverty trap for people living under miserable situations. Due to low achievements of SAPs, developing countries in Africa searched alternative paths for development [7,9,15]. This might be the reason that Ethiopia has been formulated democratic developmental state since 2007.

SAPs faced a number of limitations. The annual growth rate of real GDP is declined from 6.1% at the time of implementation period (1993-1996) to 3.6% in the post SAPs (1997-1999). Despite unfavourable weather conditions happened in both periods, inversely, the real GDP per capita have increased by annual average



rate of 3.4% and 1.1% respectively during the implementation and post implementation periods. The agricultural output was also declined by 3.4% and 10.3% in 1993/94 and 1997/98, respectively. In 1994 and 2004, result based performance management system and business process reengineering were endorsed in that order. In this case, civil service reform programs were not stable which made employees to feel insecure. Amdissa [17] noted that there were implementation capacity problems although plenty of policy frameworks put in to action. Moreover, decentralized programs have been heavily criticized for blanket recommendation without adequate preparation. Many scholars including Tesfaye [11] and Tewodros [2] argued that although telecom services, foreign banks, and others recommended policies of neo-liberalism implemented in Ethiopia, its effects were not worthwhile for the Ethiopian economy. In addition, the mix of ideological paradigms - socialism and capitalism with revolutionary democracy - could not clearly indicate the national growth model in the socio-economic and political arena [21].

Intensification, diversification, specialization and commercialization are the main pathways of rural development policies and strategies. Nevertheless, there is no clear and agreed understanding among farmers, agricultural experts and professionals and policy makers how to commercialize the subsistence farming systems in Ethiopia. Currently, smallholders officials, experts and agriculturalists are very close to the terms of Ethiopia's Program of adaptation to climate change and climate smart agriculture that enable to build climate resilience green economy and 'scaling up of best practices'. However, most of the practitioners are confound with what is the 'best' mean and how to formulate it. At present, several technologies have been introduced to Ethiopia that imported from developed nations and implemented without evaluating its consequence in the process.

### Conclusion and Policy Implications

Ethiopia has endorsed countless programs, plans, policies, strategies, and legislations for the past several decades. The discourse of this paper has emphasised on institutional reforms specifically liberalism and SAPs. Based on extensive review of the available literature and exploration of various experts' ideas, some scholars argue that neo-liberalism did not help to solve socio-economic and geo-political problems of Ethiopia; because SAPs were formulated in industrialized countries having neo-liberalism perspectives. On

the contrary, a number of researchers fight back for liberalism and there is also still another third thinking model-social democracy. Neo-liberalism is originated in Chile by 1973 and three years later expanded to Indonesia. The prime movers of this ideology were Margaret Thatcher and Donald Reagan.

In Ethiopia, the feudal land tenure system of imperial regime was ended by "land to the tiller" in 1975 which brought change into another economic system at the time of *Derge* regime. There were state farms, producer cooperative farms and individual holdings under socialist ideology. The government was led by central planning up to 1990. Since 1991, free market economic system was started by Ethiopian Peoples Republic Democratic Front with emergency recovery and reconstruction program. Many policies and strategies are produced in 1994. On wards 2000, an interventionist economic model was implemented and changed by democratic developmental state model which is being put into action since 2007.

Since 2010, the first phase of growth transformation plan was started to implement millennium development goals. Ethiopia has multi-sector and ambitious policies, strategies, plans, programs, projects, approaches, models, tools and goals. Nevertheless, majority of the implemented interventions phased out without critical evaluation of success stories and some others ruined as it confounded. Either through adjustments, reforms or transform, structural change helped to find out successful pathways to alleviate poverty with thorough discussion about the need, approach, implementation techniques and testing of effects.

Ethiopia over run various development plans, policies, strategies and proclamations that tried to be provoked in to economic, social, cultural, environmental and political spheres. As the same time, due to the complexity and short existing directions, implementers could not identify success stories and no options have been set for taking corrective action for failures. By any means, Ethiopia should not allow development impediments. Therefore, unless citizens involved in several circumstances, sustainability will be in dreams. Programs and reforms have their own merits and demerits under development process or many other uncertainties, but the overall effects should be balanced regardless the benefits of few individuals who enjoyed on the behalf of others. If the achievements of many programs attempted to be defined with the intention of certain groups of people, it may lack the overall

benefits of the nation. It also requires tolerance, national consensus, concrete experiences, commitment, and wise utilization of resources.

Above all, politicians, academia and the local people have to come and sit together to discuss about the long-term benefit of the country for better living standard of people; as a result renaissance and national consensus can be realized. Whenever reforms and adjustments are required, it has not to be emerged from the scratch. Thus, it has to be realized based on the experiences, success and failure stories, and evaluation results of previous achievements. "Development never ends, it is an existing phenomenon, but human are factors either to make it prompt or holdback its speed".

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### Conflict of Interest

The author declares that he has no conflicts of interest.

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