POLICY BRIEF

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ETHIOPIA: IN SEARCH OF FOOD SECURITY GIVEN

Climate Change, Domestic Conflict, and Rising Geopolitical Tensions

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Ethiopia continues to struggle to lay the economic foundations of food security for all, more than 30 years after first adopting the East Asian Developmental State Model (EADS) under Zenawi (1911-2012), continued under Hailemariam Desalegn (2012-April 2018), and later shifting toward a neo-liberal, Washington consensus-oriented approach under Abiy Ahmed (2018-present).

The achievements recorded under the EADS approach—particularly double-digit annual growth, substantial poverty reduction, and improved well-being—have, so far, not been sustained under the neo-liberal model. Instead, growth has slowed, inflation has risen, and poverty has increased. However, the neo-liberal approach is credited, particularly by the IMF, with initiating key reforms that may lay the foundations for future poverty-reducing growth.

What can other developing countries learn from Ethiopia's experience with two contrasting developmental philosophies in promoting structural transformation—from a low-productivity agriculture economy to a high-productivity, industrialized one?

A key lesson emerging from Ethiopia's ongoing experience is that sustained macroeconomic and political stability over a period of two to three decades—if not longer—is essential for any developmental strategy to yield long-term structural transformation and ensure food security for all.

In the case of Ethiopia, the achievements and drawbacks of both approaches have been heavily influenced by the repeated shocks the country has endured, including prolonged droughts, floods, and heatwaves, compounded by various forms of political instability, such as widespread regional and ethnic conflicts. These recurrent shocks render any developmental gains fragile, particularly given Ethiopia's pre-existing levels of poverty and vulnerability following the civil war that ended with the victory of the EPRDF over the Derg regime in 1991.

The fundamental lesson: the necessity of a prolonged period of peace and stability to achieve sustainable and inclusive developmental outcomes. While this lesson may appear self-evident, it remains critically important and worth reiterating in a world marked by ongoing turmoil. Successful agricultural transformation requires decades—typically two to three decades, if not more—of sustained peace and stability.

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INTRODUCTION

Ethiopia is famous for achieving some of the highest annual growth rates in Sub-Saharan Africa (SSA), while also experiencing some of the worst famines. Its recent political-economic history has undergone significant shifts: from the end of the Ethiopian civil war in 1991, to the developmental-state model under the one-party, one-man rule of Meles Zenawi[1] (1991-2012), to the neo-liberal development philosophy under Abiy Ahmed (since April 2018).

Over the past three tumultuous decades, Ethiopia has struggled to achieve key development objectives, including restructuring the economy, reducing widespread poverty, developing agriculture, improving general well-being, funding social safety nets, and strengthening food security. Under the EPRDF, major policy frameworks included the Poverty Reduction Strategy Paper (PRSP) and the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) 2005/2006-2009/2010.

This policy brief takes stock of these major developmental efforts, identifying insights and lessons for other developing countries with similar constraints and objectives. Section I provides an overview of the recent political-economy environment, which continues to shape development outcomes. Section II analyzes the strengths and weaknesses of Ethiopia's structural transformation under the developmental-state model during Meles Zenawi's leadership. Section III examines policy approaches and outcomes under Prime Minister Abiy Ahmed. Both sections II and III emphasize government efforts specifically to reduce poverty, develop agriculture, and improve food security.

Ethiopia thus presents an important case study of the strengths and weaknesses of two contrasting developmental approaches pursued within the same country to promote structural transformation—from a low-productivity agricultural economy to a high-productivity industrial one. The brief concludes by reflecting on the key insights and lessons that can inform other developing countries with similar objectives.

At the outset, it is important to clarify the concept of food security adopted in this policy brief. "All people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life" (FAO, 1996). This definition reflects what consumers generally understand as food security (FS). It requires that the four pillars—availability, access, utilization, and stability—are met simultaneously. In simple terms, food security means being able to access and afford sufficient, nutritious food that is consistently available at stable prices.

This holistic, yet demanding, concept differs significantly from the related notions of food self-sufficiency (FSS) and food sovereignty (FSY). These political-economic approaches emphasize reducing reliance on imports of basic food staples, prioritizing national production, trade protectionism, and a cautious stance toward multinational actors, which are often perceived as potential constraints on domestic agricultural policy.

Under Abiy, Ethiopia adopted the goal of achieving FSS in wheat, maize, and teff, particularly in response to the COVID-19 pandemic, rising food inflation, and supply chain disruptions linked to the Russian invasion of Ukraine in 2022.

1. Meles Zenawi (1955-2012), born Legesse Zenawi, adopted the name "Meles" as a nom de guerre in honor of a close friend who was killed. He led the EPRDF, which overthrew the Derg regime in 1991. He served as President (1991-1995) and Prime Minister (1995-2012). He died in a Belgian hospital on August 21, 2012. The official cause of death was reported as a "sudden infection," though some reports suggested that he may have suffered from stomach cancer.

I. MAJOR FEATURES OF ETHIOPIA'S POLITICAL ECONOMY AND THE RURAL ENVIRONMENT UNDER THE THREAT OF CLIMATE CHANGE SINCE 1991

Brief Overview: In 1991, the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) overthrew the Derg military dictatorship,[2] bringing an end to the Ethiopian civil war. Ethiopia subsequently regained political stability, which enabled a period of high growth. However, this stability proved fragile, particularly as the Tigray People's Liberation Front (TPLF)—one of the four parties in the EPRDF coalition—was later banned by Ethiopia's National Election Board for failing to hold a general assembly.

Several factors contributed to the deepening rift between Tigray and the federal government, including unresolved territorial disputes, the new appointment of Abiy Ahmed as Prime Minister in 2018, the creation of the Prosperity Party, the removal of Tigrayan officials accused of corruption and repression, and perceptions among Tigray's leadership that Abiy's reforms were aimed at centralizing power. Open hostilities erupted in November 2020, leading to a major humanitarian crisis. Although a peace treaty was signed in 2022, insecurity has persisted into 2025-2026.

National cohesion and social stability remain elusive in a multi-ethnic nation: Ethiopia, now a landlocked country, borders six fragile and conflicted states: Djibouti, Eritrea, Kenya, Somalia, South Sudan, and Sudan. This geopolitically sensitive location, combined with its complex history and ethnic composition, has made the formation of a cohesive Ethiopian nation a long-standing challenge, dating back to the predominantly feudal era under Emperor Menelik (1889-1913).

Ethiopia is home to approximately 86 ethnic groups, the largest being the Oromo (around 35% of the population), the Amhara (around 27%), followed by others such as the Somali (about 6%) and the Tigray (also around 6%). Under the EPRDF government, citizens were required to identify with one of the officially recognized ethnic categories (Plaut, December 2012).

Zenawi, a rebel leader and head of the TPLF, led the EPRDF—a coalition of four main ethnic-based parties representing Oromia, Amhara, Tigray, and the Southern Nations, Nationalities, and Peoples' Region (SNNPR).[3] The EPRDF was dominated by the TPLF, with Zenawi centralizing control and governing in a highly authoritative manner. While he acknowledged the value of democratic competition, he believed that Ethiopia's context required a system capable of ensuring consensus and driving development. To this end, he advanced the concept of "revolutionary democracy," which sought to maintain strong party control in the interest of social cohesion and stability.

However, such stability has remained elusive. Ethiopia has continued to experience various territorial and intercommunal conflicts even after the end of the civil war against the Derg.

2. In Amharic, "Derg" means "committee" or "council." The Derg regime formally called itself the Provisional Military Administrative Council (PMAC). Backed by the Soviet Union, it ruled Ethiopia from 1974 to 1987.

3. SNNPR, located in southwestern Ethiopia, stands for Southern Nations, Nationalities and Peoples' Region of Ethiopia. It is extremely diverse with over 45-56 distinct ethnic groups. It underwent further administrative splits in June 2020 and August 2023.

Major conflicts have included the border war with Eritrea and localized clashes in the Gambella and Somali regions (1998-2018); the Tigray War; the Oromia-Amhara border disputes; and the Gideo-Guji intercommunal clashes in southern Ethiopia (2018-2022). More recently, instability has persisted with the Fano[4] insurgency in the Amhara region (2023-into 2026) and the ongoing activities of the Oromo Liberation Army (OLO) in Oromia since 2018.

Overview of Agricultural and Rural Ethiopia: When the Derg regime fell in 1991, agriculture and the rural sector dominated the economy. Agriculture contributed approximately 53-57% of GDP, while the rural population accounted for around 87-89% of the total, with the urban sector comprising the remaining 11-13%. Agriculture is primarily rainfed, with only about 4-5% of cultivated land under irrigation. The sector has long been characterized by low productivity, smallholder farming, and largely subsistence-based production systems.

The majority of the population—around 80%—lives in the wet highlands, mainly in the central, northern, and western parts of Ethiopia. Livestock[5] is a critical component of rural livelihoods, contributing about 45% of agricultural output and 25% of total agricultural GDP (2009) (IGAD et al., 2013). Livestock production is concentrated in the lowlands, including the northeast Afar region, the eastern Somali region, the Borana Zone in southern Oromia, the Omo Zone in the southwest (SNNPR), and western regions such as Gambella and Benishangul-Gumuz. These areas are largely arid to semi-arid, with low and erratic rainfall. By 2012, at the end of Zenawi's tenure, agriculture remained the backbone of the economy, although its share of GDP has declined to around 42-44%. The rural sector also remained dominant at around 80%. At the same time, urban areas have grown rapidly, particularly under the Government of Ethiopia's (GOE) EADS approach (1991-2012), reaching around 23% of the population by 2023.

Today, Ethiopia remains a primarily rural (approximately 76%), low-income country, with a GNI per capita of about USD 1,100 (2024) and a high annual population growth rate of 2.6% (2024) (WDI). With an estimated population of 136 million people in 2025, it is the second most populous country in SSA.[6]

Rainfed, low-productivity agriculture, including livestock, under the threat of climate change: Ethiopia has experienced devastating droughts of increasing frequency, including those in 1990-1992 affecting northern, eastern, and southeastern regions; in 1993-1994, particularly in Tigray and Wollo; in 1999/2000 and 2002/2003; the 2015-2017 El Niño-induced droughts; the 2020-2023 Horn of Africa drought; and the 2024-2026 drought (Relief Web, 2026). Flooding has also damaged infrastructure and undermined livelihoods. Declining and more volatile rainfall, along with an increased frequency and severity of extreme weather events, are projected under ongoing climate change. Heatwaves are expected to exacerbate the incidence of diseases such as malaria and dengue, inevitably reducing labor productivity and overall agricultural productivity. These heatwaves, combined with lower and more volatile rainfall, also threaten livestock, whose productivity is already constrained by feed shortages, high disease prevalence, and low-productivity genetic stock.

4. "Fano," an Amharic term meaning "volunteer," "irregular" or "freedom fighter," refers to decentralized rural militias, largely made up of youth.

5. Livestock consists mainly of cattle, sheep, goats, camel, poultry, and equines (donkeys and horses).

6. The Federal Republic of Nigeria is the most populous African nation, with an estimated population of 238 million (2025).

During Zenami's tenure, however, the GOE improved agricultural resilience through various public works, including land rehabilitation restoration, and increased irrigation coverage across the country (World Bank Group, May 2017).

II. MELES ZENAWI AT THE HELM: THE DEVELOPMENTAL-STATE MODEL (1991-2012)

Main features of the EADS Model: Zenawi, a strong proponent of a centralized state, adopted the EADS model, to which East Asia's sustained high growth with equity (1965-1990) has largely been attributed. Asia's rapid transformation from predominantly agricultural economies to industrial and high-level service economies has been described by the World Bank as a "miracle"[7] (Page, 1994).

While the eight high-performing Asian economies (HPAEs) differ in historical backgrounds and resource endowments, and there is no "one-size-fits-all" model, they share several important features in their development strategies. Central to their approach was the leadership of strong governments committed to implementing a vision of a food-secure, high-income, industrialized economy, with economic development as the highest priority.[8] These strong states were able to mobilize implementation capacity through competent bureaucracies operating within merit-based civil service systems that were well compensated and included safeguards to reduce corruption risks, specifically:

- At the national and macro levels, governments maintained peace, political and macroeconomic stability, and enforced law and order. They regulated financial markets, intervened through subsidies and tax incentives to promote industrial policies—particularly manufactured exports—and made significant investments in physical infrastructure and human capital. While they did not follow a laissez-faire approach, they also did not suppress markets. Instead, they developed performance-based reward systems—especially export performance—to incentivize growth and competitiveness among private firms. In many cases, governments also picked "winners."
- They invested heavily in national education systems, beginning with universal primary education and expanding to secondary and tertiary levels, with a strong emphasis on engineering, science, and vocational training to build a skilled labor force. Investments in research and development, technology programs, and science centers supported firms that lacked the capacity to develop such centers independently. Importantly, the focus on technological advancement was complemented by the promotion of moral and social values to strengthen social cohesion and national identity.
- Outward orientation was a hallmark of the Asian developmental state approach. Countries such as Hong Kong, Singapore, and several Southeast Asian economies actively promoted the inflow of FDI and encouraged technology transfer, particularly in electronics.

7. The East Asian Miracle: Economic Growth and Public Policy (September 26, 1993), published by Oxford University Press as a World Bank Policy Research Report, examines the so-called "miracle" economies, known as the "High Performing Asian Economies" (HPAEs). Led by Japan, these include the "four tigers"—Hong Kong, Republic of Korea, Singapore and Taiwan—alongside the Newly Industrializing Economies (NIEs): Indonesia, Malaysia, and Thailand.

8. Timmer argues that Asian governments with large populations have made the achievement of food security central to their development strategies, within the framework of the Development Trilogy. This trilogy consists of growth, equity, and stability, three goals governments must achieve simultaneously (Figure 5: the Development Trilogy and the Role of Agriculture in Timmer, 2000, and Timmer, 2015).

- The focus on industrialization and exports did not imply the neglect of agriculture. On the contrary, most East and Southeast Asian countries undertook some form of land reform, resulting in a more equitable distribution of land among commercially oriented smallholders. For these governments, achieving food security at the macro level was central (Timmer, 2000 and 2015). The manner in which land reforms (including tenure and usufruct security rights) were implemented, along with subsequent investments, promoted rapid growth and productivity gains. This, in turn, facilitated the generation of agricultural surplus (in value-added and labor), which supported the expansion of the non-agriculture economy (Kim Ji Tae, June 2016).

EPRDF Government promoted Zenawi's implementation of the EADS model in the agriculture and rural sector: A key pillar of Zenawi's economic strategy was the central role assigned to Agriculture-Development-Led Industrialization (ADLI). His growth strategy was explicitly pro-poor. Agriculture, the dominant sector, contributed around 40-45% of GDP during 2002-2012. The GOE allocated approximately 16.8% of its annual public expenditure to agriculture over several years, significantly exceeding the CAADP target of 10% set out in the Maputo and Malabo Declarations (2003 and 2014 respectively) (World Bank Group, June 2019).

The HPAEs transformed their agricultural sectors through land reforms, achieving high output and inclusive productivity growth, and channeling surplus into expanding industrial sectors. However, Ethiopia's pre-Derg land tenure system differed markedly from that of post-World War II Asia. It was characterized by a complex feudal structure, with communal holdings prevailing in the north and private holdings in the south. The Church owned approximately 25% of the land, Emperor Selassie and his family 20%, and the state another 18%. Most people were poor sharecroppers engaged in rainfed, subsistence agriculture, often required to surrender between half and three-quarters of their harvest to landlords, who controlled about 30% of the land.

The Derg regime subsequently nationalized all land. Under Ethiopia's constitution, land is owned by the state and the Ethiopian people.[9] The government decentralized land administration and registration to the Kebele level, enabling local authorities to allocate land to households, clarify use rights, and issue certifications (Byamugisha (ed.), 2014). Within this institutional framework, Zenawi implemented large-scale agricultural initiatives. The EPRDF also leased more than 500 hectares of land to foreign investors, including:

- 10,000 hectares allocated to the Saudi Ethiopian billionaire, Mohammed Hussein Al Amoudi, to grow rice and other crops in Gambella;
- 54,000 hectares allocated to the Ethiopian government's own Tendaho Sugar Factory in the Awash area of the Afar region to grow sugar cane;
- 40,000 hectares allocated for biofuel production to the Indian company, Emami Biotech, in Oromia;
- 54,000 hectares allocated to the Indian Shapooji Pallonji Group to produce biofuel in Benishangul Gumuz;

9. The right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the State and in the peoples of Ethiopia. Ethiopian peasants have the right to obtain land without payment and the protection against eviction from their possession.
The implementation of this provision shall be specified by law; Ethiopian pastoralists have the right to free land for grazing and cultivation as well as the right not to be displaced from their own lands. The implementation shall be specified by law; 40. 6. Without prejudice to the right of Ethiopian Nations, Nationa-lities, and Peoples to the ownership of land, government shall ensure the right of private investors to the use of land on the basis of payment arrangements established by law. Particulars shall be determined by law (Witten, 2007).

- 10,000 hectares allocated to the Indian company, White Fields Cotton, in the South Omo region;
- 100,000 hectares allocated to the Indian company, Karuturi Global, for rose production in Gambella (Plaut, December 2012).

In addition, the EPRDF invested in major public infrastructure and services such as roads—including access roads to markets—supplies of fertilizer and improved seeds, agricultural extension services, and small-scale irrigation. It also initiated two major dams: the Gibe III dam on the Lower Omo River and the Grand Ethiopian Renaissance Dam on the Blue Nile, bordering Sudan.[10]

Application of the EADS model to non-agriculture: Following the EADS approach, the GOE promoted the industrial sector, which remained relatively stable at around 13% of GDP.[11] In line with this model, the government "picked winners," including state-owned enterprises (SOEs) and selected private firms. Guided by its policy framework—the Industrial Development Strategy of Ethiopia (IDSE), embedded within the Growth and Transformation Plans (GTP I) 2010/2011-2014/2015, and GTP II[12])—the GOE made substantial investments in three broad strategic areas: financial services (banking and insurance); utilities and infrastructure (including electric power, telecommunications, road, railways such as the Addis-Djibouti line, as well as air and sea transport); and large-scale manufacturing (including chemical, cement, metal and industrial engineering, and sugar). The government also developed industrial parks.[13] Endowment Investment Groups (EIGs)[14] invested in sectors such as cement, tanneries, breweries and malt production, pharmaceuticals, marble processing and agro-industries. Foreign-owned firms were also present, particularly dominating sectors such as beverages and floriculture (Oqubay, 2015). These industries were supported through various financial instruments, including subsidies, preferential loan interest rates, research and development support, tax holidays, tax relief on imported capital, and an overvalued exchange rate.[15]

High and inclusive growth, improved services, and substantial poverty reduction under Zenawi: The main driver of widespread improvements in well-being was inclusive and sustained agricultural growth, which contributed to an average annual per capita growth rate of around 8.3% since 2004 (World Bank, 2013). Overall, the economy grew at an average annual rate of 11% between 2004 and 2012, nearly double the Sub-Saharan Africa average for the same period. The manufacturing sector also recorded strong performance, with an average annual growth rate of 11% between 2004 and 2014 (Oqubay, 2015).

The GOE inherited an economy with one with the highest rates of poverty in Africa. GNI per

10. These two dams were initially funded by the World Bank and the European Investment Bank, but both institutions subsequently withdrew; the projects were ultimately funded by Chinese sources.

11. Industry was around 13% of GDP and manufacturing 5% of GDP (2002-2012). Manufacturing value added was only USD 9 per capita in 2010, compared to Mauritius at USD 522 and Egypt at USD 177. By comparison, industry contributed 20.3% of GDP in East Africa, and manufacturing 9.7%. (Oqubay, 2015)

12. Hailemariam Desalegn completed the GTP I and continued Zenawi's approach under the GTP II (2015/16 to 2019/20) until his resignation in April 2018.

13. The pioneering industrial park built in 2007 under Zenawi was the Eastern Industrial Zone in Dukem, near Addis Ababa. It was the first major Chinese-backed industrial park built in Ethiopia. Zenawi laid the foundation for the massive expansion of industrial parks after his death in 2012.

14. EIGs were founded in the mid-1990s with initial resources provided by the liberation movement for the development and rehabilitation of war-torn regions.

15. The overvalued exchange rate reduced the cost of capital imports for investment but undermined export competitiveness.

capita (Atlas method) declined to around USD 110 in 2003 (from approximately USD 220 earlier) (WDI: Ethiopia 1963-2024). By 2000, 56% of the population lived on less than USD 1.25 PPP per day—the international extreme poverty threshold—or 44% under Ethiopia's national poverty line. By 2011, extreme poverty had declined to 31%, and national poverty to below 30%.

In 1996, poverty levels varied significantly across regions—for example, 56% in Tigray and SNNPR compared to 34 % in Oromnia. Under the EPRDF, poverty reduction was more pronounced in regions with higher initial poverty levels. The prevalence of stunting declined from 58% in 2000 to 44% in 2011. By 2011, more than one in three women had access to antenatal check-ups, marking a significant increase from 2000. Fertility rates also declined, from about seven children per woman in 1995 to five in 2011.

Progress was also observed in other key indicators, including reductions in child mortality and the incidence of HIV/AIDS and malaria. Life expectancy increased from 48 years to 63 years by 2013. The share of the population without formal education declined from 70% to 50%, with gender parity achieved at the primary level. Households with improved living standards—measured by access to electricity, piped water, and in-home water supply—doubled between 2000 and 2011. Overall, Ethiopian households experienced significant improvements in well-being during the period 2000-2011 (World Bank Group, 2014).

Ethiopia's Productive Safety Net Program (PSNP) assists the most vulnerable: Despite high and inclusive growth under Zenawi's leadership, millions of Ethiopians continue to live in extreme poverty. The PSNP, established in 2005 as a primarily multi-donor funded program, marked a shift from ad hoc emergency assistance to a more structured system providing: (i) multi-year conditional and unconditional cash transfers; (ii) support to households affected by shocks; and (iii) employment through public works programs (e.g., road construction; rehabilitation of social infrastructure such as schools and health centers; rangeland management; reforestation; and soil and water conservation).

Such predictable support aims to prevent vulnerable households from resorting to distress strategies, such as selling productive assets or withdrawing children from school during periods of heightened stress. Given Ethiopia's predominantly rural population, the PSNP was initially rural in scope but was expanded to urban areas in 2017. It has since become one of the largest social safety net programs in Africa. By 2012, it was assisting approximately seven million of Ethiopia's poorest rural residents (EDRI and IFPRI, May 2014). By around 2020-2025, coverage had increased to around 8-9 million beneficiaries. The latest phase of the PSNP, launched in March 2026, aims not only to sustain cash transfers and employment opportunities, but also to expand women's access to nutrition, health services, and child development centers (World Bank Group, March 3, 2026).

III. PRIME MINISTER ABIY AHMED'S PROSPERITY PARTY AT THE HELM: A RETURN TO NEO-LIBERAL POLICIES UNDER THE HOMEGROWN ECONOMIC REFORM AGENDA (2019, HGER): A PATHWAY TO PROSPERITY.

A dramatic shift from Zenawi's EADS model: While both Zenawi and Abiy shared a similar political-economic objective—transforming Ethiopia from a low-income, predominantly agrarian economy into a middle-income, industrialized one by around 2030—Abiy's policy agenda marked a significant departure. It reversed Zenawi's public sector-led EADS model in favor of a private sector-driven approach. When Abiy came to power in April 2018, Ethiopia's previously high growth rates were already declining. Annual growth averaged 11.4% from 2003 to 2010, 10.2% from 2011 to 2015, then fell to 8.5% during 2016-2019, further declining to 5.6% in 2020-2021. This period was marked by multiple shocks, including the Tigray conflict (2020-22), the Horn of Africa locust outbreak (June 2019-February 2022), and the COVID–19 pandemic (2020)[16] (World Bank Group, IEG, November 2023).

Abiy's Homegrown Economic Reform Agenda (HGER) is structured around three key pillars, macro-financial, structural, and sectoral. Key measures under the macro-financial pillar include:

1. Privatization of major SOEs in sectors such as telecommunications, banking, transport, and energy;
2. Transition to a more flexible exchange rate, moving away from an overvalued currency;
3. Repeal of the National Bank of Ethiopia (NBE) directive requiring banks to allocate 27% of their portfolio to NBE bills;
4. Improvement of tax administration through reforms such as revising tax codes (including VAT and excise laws), simplifying procedures, strengthening tax audits and taxpayer education, and adopting e-filing and e-payment systems (Federal Democratic Republic of Ethiopia, March 2020).

The structural pillar consisted mainly of reforms to improve the incentive environment for business:

1. Reduce bureaucratic hurdles in various areas, including licensing requirements, competency requirements, lengthy tax administration, customs procedures, and regulations;
2. Ease tariff and non-tariff barriers to international trade and FDI;
3. Ratify the AfCFTA and WTO accession;
4. Improve services in areas such as logistics, telecoms, and electricity.

16. The Fano insurgency in Amhara (since 2023) and the Oromo Liberation Army (OLA) insurgency in Oromia (since 2018) are still ongoing as of early 2026.

The sectoral pillar included agriculture, with the following key measures:

1. Develop legal frameworks to enable and enforce farmers' usufruct rights, and to strengthen land use and its administration;
2. Enhance farmers' productivity by subsidizing modern inputs such as fertilizers, improved seeds, and fuel, particularly in a context of high inflation. The focus is on "strategic" import-substituting crops (e.g., wheat, cotton, rice, and oilseeds);
3. Launch the National Flagship Wheat Program (2019) in lowland areas[17] to promote irrigated wheat through cluster farming by raising productivity using improved seed varieties, fertilizers, mechanization, and enhanced extension services;[18]
4. Modernize livestock production and strengthen linkages with other industries, through measures such as pasture management and forage development, scaling up artificial insemination for breeding improvements, and strengthening disease surveillance through veterinary services.

The HGER agenda also included measures for other sectors, such as mining, ICT, tourism, and manufacturing. In manufacturing, it continued the development of industrial parks, but with greater emphasis on promoting private sector firms, strengthening backward linkages—particularly with agriculture through agro-processing and agro-industrial activities—and investing in auxiliary industries such as cold chain systems, packaging, and transport services.

What have been the results so far (as of early 2026) in terms of high and inclusive growth, structural transformation, poverty reduction, improved well-being, and food security? So far, the results are mixed. The extent of structural economic gains under Abiy's HGER is difficult to assess given the continuing political tensions and conflict.

At the macro level, the economy has continued to grow, but not at the high levels recorded under Zenawi. The GOE reported a growth rate of 9% in 2018-2019, while the World Bank estimate was slightly lower at 8.4%. In 2020-2021, growth fell significantly to 6.3% according to the GOE and 5.6% according to the World Bank (Zikargie et al., July 2024). More recent estimates indicate a somewhat higher growth rate of around 7% by 2026, with agricultural growth exceeding 7% during 2024-2026 (EBR, January 2025).[19] GNI per capita has risen steadily from around USD 110-120 in 2000 to USD 1,100 by 2024 (WDI, Atlas method).

The official unemployment rate remains relatively low, estimated at around 2.7 % in 2018 and rising to around 3.9% in 2020. However, these figures are of limited value in the Ethiopian context, where informal employment predominates and underemployment remains substantial. Youth unemployment (ages 15-24) in urban areas was estimated at 20-25% in 2023-2024.

The IMF, which approved an Extended Fund Facility of USD 261 million[20] in December 2025,

17. The main lowland areas are in: (i) Oromia's North Shewa Zone, specific areas in the Dugda and Bora woredas; (ii) the Amhara region, notably Western Gojam and Awi Zone, which use groundwater, (iii) Afar region; and (iv) the SNNPR region and Sidama, particularly around the Bilate River Basin. The SNNPR region was restructured in 2023 into the South Ethiopia Regional State and the Central Ethiopia Regional State.

18. This represents a major program for Ethiopia under Abiy aimed at achieving food self-sufficiency.

19. However, skepticism has been expressed concerning these estimates (EBR, January 2025).

20. Total disbursements on this EFF is about USD 2.183 billion (IMF, January 2026).

points to progress in broadening the tax base, phasing out fuel subsidies, strengthening expenditure control in line with program objectives, advancing the monetary reform agenda, and implementing other structural reforms to address macroeconomic imbalances. More broadly, the IMF supports continued implementation of the HGER "to consolidate gains and support growth and poverty reduction in the medium term" (IMF, January 2026). However, it also highlights downside risks, including a deteriorating security situation and other political pressures. Additional challenges include persistently high unemployment—particularly among youth—soaring inflation affecting urban areas, and ongoing foreign exchange shortages (Zikargie et al., July 2024).

According to World Bank, poverty levels have increased markedly, rising from 33% in 2016 to 39% in 2021, and are projected to increase to 43% by 2025 (measured at USD 3 per day, 2021 PPP) (World Bank, October 2025). Under Abiy's food self-sufficiency strategy, a major focus in agriculture has been on cluster farming for irrigated wheat. However, official production estimates remain contested, with government figures reporting 15.1 million tons in 2022-2023 and 23 million tons in 2023-2024—compared to significantly lower estimates of 7.5 million tons by the AfDB (2023-2024) and 5.8 million tons by the USDA and FAO (2022-2023) (UkrAgroConsult, citing *The Economist*, March 25, 2025).

CONCLUSION: WHAT CAN WE LEARN GOING FORWARD?

A striking feature of Ethiopia's experience since 1991 is the sharp shift in developmental philosophies—from the Zenawi government's embrace of the EADS model, continued under Hailemariam Desalegn, to Abiy's adoption of a neo-liberal approach, often referred to as the Washington consensus.

Zenawi's EADS approach delivered double digit growth, substantial poverty reduction, and improvements in well-being in terms of nutrition, health, education, and access to basic services, alongside the implementation of large-scale agricultural and industrial projects. He also launched the PSNP in 2005, which has since evolved into a major donor-funded social safety net, strengthening food security for millions and enhancing resilience to repeated shocks. However, structural transformation remained limited, particularly in terms of sustained productivity gains in agriculture and the relatively low contribution of manufacturing and export earnings (Oqubay, 2015).

By contrast, Abiy's neo-liberal HGER approach is credited with initiating multiple reforms aimed at restoring macroeconomic balances, expanding the tax base, and reorienting the economy toward a more private sector-driven model. In agriculture, increases in irrigated wheat production have been presented as a key achievement toward food self-sufficiency. However, annual growth has declined, inflation has risen significantly, and poverty has increased. Nevertheless, recent World Bank estimates remain positive, indicating growth of around 7% for both the overall economy and the agricultural sector during 2024-2026.

It is impossible, however, to attribute achievements and shortcomings primarily to either developmental approach, given the repeated shocks the economy has endured over the period, including droughts, floods, heatwaves, and violent regional and ethnic conflicts. Two additional factors are the relatively short duration of each developmental approach and the absence of an Asian-style, non-corrupt, non-politicized, accountable, and competent public administration. Throughout, Ethiopia's food security situation has remained challenging, albeit with periods of improvement. What is clear, however, is that achievements under both approaches have so far proven fragile, as neither has benefitted from the two to three decades of uninterrupted macroeconomic, political, and social stability typically required for sustained transformation.

This raises a fundamental—albeit often overlooked—lesson: the necessity of a prolonged period of stability for development to take root and flourish. While this may seem self-evident, many countries have struggled to establish or sustain the political foundations necessary for successful development. Recent developments in Ethiopia reinforce the importance of complementing high growth with Timmer's Development Trilogy—growth, equity, and stability—to achieve more sustainable outcomes.

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