

New study:

“From Land of Famine to Land of Hope: Will Ethiopia Become a Model for an African Upswing?”

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Ethiopia is one of the world’s least developed states. Yet for the past two decades the country has been making extraordinary progress. Targeted investment in health, education and employment has improved the standard of living and triggered a rapid decline in the fertility rate. If it succeeds in consolidating these achievements, Ethiopia could become one of the first sub-Saharan countries to benefit from the “demographic dividend” and demonstrate how development can work in Africa. A new study by the Berlin Institute shows how the country has already managed to come such a long way and which challenges remain to be overcome if it is to serve as a model country on the African continent.

By African standards, Ethiopia is already doing well. With the second-largest population in Africa, it is one of the world’s fastest-growing economies. Together with assistance from abroad, the government’s long-term development plans have already improved the lives of many people and more than halved the share of the population living in poverty. Through the expansion of the health system, child mortality has decreased. The rate of school enrolment has more than doubled thanks to increased investment in education of up to 30 percent of national budget expenditure. In less than 20 years, the number of schools has risen by a factor of 25. Grain yields have more than doubled since 1990. At the same time, Ethiopia is increasingly becoming a target country for foreign investors, whose financial commitment should help to create jobs for the growing population.

Development progress to date has also ushered in another positive trend. The fertility rate is falling rapidly, putting a brake on population growth and changing the country’s age structure. Because women are having fewer children, the population of working age has been growing faster than the population as a whole since the early 2000s. Ethiopia is thus heading for a “demographic bonus”, which in many other countries worldwide has paved the way to more growth and prosperity. Given the right framework conditions, this bonus could be transformed into a demographically determined spur to development. Like the Asian tiger states before it, Ethiopia could benefit from its demographic dividend provided it manages to consolidate its progress to date.

Despite all its achievements, the country still faces enormous challenges. The development process has been marked by ethnic tensions and ruthlessly driven forward, often with little regard for human rights. The expansion of basic infrastructure has barely been able to keep up with population growth, and the number of people of working age is still growing faster than the number of jobs. Hopes are now pinned on the young prime minister, Abiy Ahmed, to introduce the necessary reforms and measures with which to overcome these challenges.

The hoped-for further progress is unlikely to happen without international assistance. Ethiopia is depending on foreign help to achieve its goals. Were the engine of development to stall, there would be far-reaching consequences. “If Ethiopia fails, the stability of the entire region in the Horn of Africa will be endangered,” says Reiner Klingholz, director of the Berlin Institute for Population and Development. Flight and expulsions would be inevitable. The European Union should therefore give Ethiopia as much financial support and advice as possible so that the country can break out of the vicious circle of poverty and rapid population growth, the study concludes.

The study was financed by the Austrian Development Agency (ADA) with funds from the Austrian Development Cooperation as well as by the DEG (Deutsche Investitions- und Entwicklungsgesellschaft) and the GfK Verein. You can download the study free of charge as a PDF under:

<https://www.berlin-institut.org/en/publications/studies-in-english/from-land-of-famine-to-land-of-hope>

If you have any questions, please do not hesitate to contact us:

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