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**Democratic Developmental State of Ethiopia: The State of Embedded Autonomy in View of National Planning Commission**Abiot Desta<sup>1\*</sup> and Girma Defere<sup>2</sup>

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## Abstract

This paper explores the state of *Embedded Autonomy* in Ethiopia’s experimentation with “democratic developmental state” (DDS). It examines a new institutional frontier- national planning commission (NPC) - a technocratic institution created as a pilot agency for professionalizing development planning. The research employed qualitative approach and utilized interview data supplemented by document analysis. Findings highlight prospects, in essence, by the purposes imbued in the creation of the Commission, which concretizes “political will” – an intangible resource but a key precondition for state-led development. Yet, objective organizational condition of the Commission which exhibits a premature institutional capacity tends to undermine policy autonomy. In connection, a set of interrelated challenges such as overlapping jurisdictions, complexity of institutional coordination, young non-state actors, a slow state to reward developmental actors and punish rent-seekers, and mutually suspicious state of discord that sustains a culturally exploitative relation among networks of elite, all tend to conflate, thereby hindering developmental partnership and rendering the DDS political economy a feature of “predatory state”. We conclude that the basics of DDS institutional platforms are in the creation without removing bottlenecks. This renders the system a generally low level of *Embedded Autonomy*, which impedes to take on board the envisaged development and postpones the juxtaposed ideals of DDS. It suggests, first and foremost, the NPC should find transformative means of managing human resource for emerging a fully technocratic institution; and while acculturating a developmental mindset, the government should invest in institutional renovation and craft workable mechanisms of institutional coordination and policy networking.

**Keywords:** /“Democratic developmental state”/*Embedded Autonomy*/ Ethiopia/ National Planning Commission (NPC)/

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## 1. Introduction

The second half of the 20<sup>th</sup> century has generally witnessed a state that takes in hand responsibility for political development and economic growth in concurrence (White, 1995). Indeed, a few countries have proved it working as progress has been observed in a good number of exemplar countries in the developing world, more profoundly in East Asia (Johnson, 1982; Deyo, 1987; Amsden, 1989; Wade, 1990; Evans, 1995). Economic leap forward led by the state but also that befriended businesses seemed to have ushered in what is so termed as a “developmentalist epoch”, which generally sought to be built on the ruins of *neoliberalism* (Chibber, 2009). “States did play an important role in this, and national capitalists did collaborate with policy-makers to some degree in planning a development path” (pp. 162-163). Nonetheless, a seemingly challenging approach in fulfilling *raison d’être* is the surging primacy of economy (Breznitz and Ornston, 2012).

Yet, once a state takes up the responsibility, setting out with a developmental vision as a priority, its ability to deliver becomes a logical expectation, which is to be checked against certain standards using certain illustrative measures. In this regard, debates and doubts abound the concept and practice of “Developmental State” (DS) in general and “Democratic Developmental State” (DDS) in particular. Major contributors to the debate include, but not limited to, Chalmers Johnson (1982) who sees developmental experience of Japan from the perspective of “market-confronting intervention”; Peter Evans (1995) who constructs the concept of “Embedded Autonomy” as a framework to measure and understand variations in the performances of countries; Adrian Leftwich (2000) who emphasizes the “primacy of politics”; Ha-Joo Chang (2003) who presents ‘Institutional Political Economy’ as an alternative framework to the neo-liberal paradigm; and Linda Weiss (2000) who emphasizes “Thinking About Globalization”. On the basis of the various perspectives, four major defining features of DS are outlined: ‘performance-oriented governance’, ‘production-oriented private-sector’, ‘development-oriented political leadership, and ‘autonomous and effective bureaucracy’ (INEF-Report, 2010).

This paper analyzes policy autonomy and effectiveness of the bureaucracy of a frontline institution created as a pilot agency- National Planning Commission (NPC) of Ethiopia. However, in the DS literature, the role of pilot agencies is both emphasized and de-emphasized. We find literature on both “developmental state” (DS) and “neo-developmental state” (Neo-DS) emphasizing the role of pilot agencies in public policy. While the DS literature holds onto the idea that “late developers” require an autonomous, powerful, and centralized bureaucracy to industrialize (Chibber, 2002; Wade, 1990; Johnson, 1982), the Neo-DS literature subscribes to the idea that such agencies can be more effective when ‘embedded’ in networks of actors, domestic and/or international (Block, 2008; Evans, 1995).

Category of the literature which tends to de-emphasize the role of pilot agencies contends that other kinds of organizations such as the ‘*Schumpeterian developmental agency*’ (SDA) are needed to ensure a greater commitment to a continuous policy experimentation (Breznitz and Ornston, 2012). According to these authors, pilot agencies can, indeed, facilitate competition in mature industries but less efficacious in leading ‘rapid innovation-based’ (RIB) competitions. For them, ‘peripheral agencies’ rather than ‘pilot agencies’ are more likely to adopt experimental policies and promote RIB growth. This is because their low profile status, few hard resources, and limited political prestige, among others, would insulate them from vulnerability to political interference but encourage them to adopt experimental policies that promote RIB growth. As a new institutional frontier designated as a technocratic institution responsible for professionalizing development planning in Ethiopia with the mandate to provide evidence-based policy advice/recommendations through the conduct of research and the act of monitoring and evaluation of plan implementation, whether or not such endeavors will succeed in Ethiopia through the NPC is subject to scrutiny.

This work has scrutinized it in view of institutional structure and bureaucratic coherence as determinants of organizational performance. From the above key theoretical entry points, the subject of research in the paper is aligned more closely with Evans's (1995) conception of *Embedded Autonomy*. As it will be elaborated under the conceptual framework section, the general assumption of the concept is that developmental outcomes are determined by structural and institutional features that inform the capacity of state bureaucracy needed to ensure policy dominance over key domestic actors while aptly remaining society-friendly. The relevance of the concept is widely acclaimed as a useful analytical insight for explaining the necessary conditions, though may not be a sufficient one, for realizing the ideals of state-led development, particularly industrial transformation. As such, the research in this paper set out with the conviction that examining the state of *Embedded Autonomy* in view of institutional frontiers such as the NPC can enhance understanding about the prospect of DDS in Ethiopia.

Ample literature exists on Ethiopia's DDS. This includes works by, among others, Clapham (2018 and 2006), Ayele Gelan (2018), Seife Ayele, et al. (2016), Kidanemariam Gidey (2016), Gedeon Gamora (2015), UNDP (2014), Miheret Ayenew (2014), Ayenachew Woldegiyorgis (2014), Asnake Kefale (2011), Altenburg (2010), and Asayehgn Desta (nd.). In view of the organizational approach employed, the institutional level of analysis, and the theoretic perspective applied, the current research makes a departure from existing literature. This would make it a contribution in filling gaps in the apparently limited evidence regarding the structural-institutional processes of policy engagement and the implications of this engagement for performance of the state in steering economic growth and fulfilling its ideological commitment to DDS. It addresses the following research questions.

- 1) What are the challenges to the NPC in maintaining policy autonomy as a technocratic institution responsible for professionalizing development planning in Ethiopia?
- 2) What is the prospect of policy autonomy of the NPC in relation to other domestic actors in Ethiopia-state and non-state?

## **2. Conceptual Framework**

As it is highlighted in the preceding sections, this paper examines policy autonomy of the NPC in order to understand the state of *Embedded Autonomy* in Ethiopia's experimentation with "Democratic Developmental State" (DDS). Evans (1995) constructs this two-dimensional concept as a measure of determining variations in the performances of states, which embark on state-led development particularly industrial transformation, and so characterized as "Developmental State" (DS) as a more generic conceptual category. In this analytical framework, Evans makes a departure from a seemingly more traditional question of 'how much' the state may involve in economy to an agreeably more innovative question of 'what type' of involvement the state ought to make. In addressing these questions, he combines two widely acclaimed traditions of theorizing about the state-Weberian and Marxian. From the Weberian perspective, he borrows the notion of 'capacity' as a crucial factor that determines the role of state in economy. From the Marxian perspective, he borrows the idea that the state is understood in its 'class' content, given its capacity. By combining aspects from the two-Weberian bureaucracy and Marxian class relations-

Evans recognizes the importance of 'state structure' in determining economic outcomes, both from within and in relation to other actors. He narrows down this perspective into the concept of *Embedded Autonomy*, which he proposes as a useful analytical lens for explaining the reasons why some states in the

“Third World” succeeded in transforming their economy and not others. Building on empirical comparative cases, he establishes contrasting interpretations of two states- South Korea in East Asia and Zaire in Africa- in which he labels the former as a *prototypical developmental-state* and the latter as a *predatory state*. He attributes variations to ‘state structure’ and ‘state-society relations’, identifying the respective cases of South Korea and Zaire as “historically grounded ideal types” (p.12).

Generally, Evans is chiefly interested in understanding a causal relationship between development and structural features of states. These structural features refer to internal organization of the state on the one hand and its relation to society on the other, underlining that there are clear structural differences between ‘predatory states’ and ‘developmental states’.

In a predatory state like Zaire (Democratic Republic of Congo), the state is weak in capacity because its bureaucracy is too incoherent professionally to pursue developmental visions and incapable technically to control elites and stop them from pursuing private ends. Instead,

*Personal ties are the only source of cohesion, and individual maximization takes precedence over pursuit of collective goals. Ties to society are ties to individual incumbents, not connections between constituencies and the state as an organization. [They] are characterized by a dearth of bureaucracy as Weber defined it (Ibid).*

In contrast, developmental states possess an internal organization, which is much closer to the Weberian model. Its bureaucracy emanate from a highly selective meritocratic recruitment process. There is a system put well in place in which long-term career rewards create commitment and a sense of corporate coherence. Coherence gives the apparatuses with the necessary ‘autonomy’ while not necessarily insulating them from society, somehow contrary to Weber’s suggestion, but, instead, state apparatuses are embedded in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual flow of information and negotiation of goals and policies. Emphasizing such a structural configuration, Evans articulates that,

*Either side of the combination by itself would not work. A state that was only autonomous would lack both sources of intelligence and the ability to rely on decentralized private implementation. Dense connecting networks without a robust internal structure would leave the state incapable of resolving “collective action” problems, of transcending the individual interests of its private counterparts. Only when embeddedness and autonomy are joined together can a state be called developmental. [...] This apparently contradictory combination of corporate coherence and connectedness, which I call “embedded autonomy,” provides the underlying structural basis for successful state involvement in industrial transformation (Ibid).*

Appraising Evans’ contribution and recognizing the importance of combining, howsoever contradictory actions they may carry with them, the wisdom of maintaining policy independence and the art and science of fostering integration, the following elaboration is captured in Wright (nd.),

*The concept of embedded autonomy is then introduced as a way of identifying the development-facilitating features of the South Korean developmental state: [t]his state form is “autonomous” in so far as it has a rationalized bureaucracy that cannot be instrumentally manipulated by powerful rent-seeking groups outside of the state, but it is also “embedded” in so far as state elites are enmeshed in social networks and other relations that put them in close contact with dominant players in civil society. This combination of traits enables the state to have a genuine capacity to formulate long term goals, acquire the information needed to pursue those goals (especially in the form of feedback from policy efforts), and*

*yet be sufficiently constrained by forces outside of the state so that its actions do not simply foster the interests of the state elites (pp. 176-177).*

Further, the author maintains that the concept of *Embedded Autonomy* can be “a powerful and interesting framework for understanding variations in states, variations that are enormously consequential for the fates of societies within which they exist” (p.177).

In summary, *autonomy* presupposes Max Weber’s *bureaucratic rationalization*. At one extreme is an ideal type of *rational-legal bureaucracy*. At the other extreme is a typical patrimonial state, which is presented as a characteristic feature of pre-capitalist societies where relations were on personal basis and patronage and dependency was a norm. *Embeddedness* presupposes the Marxian analysis of class-relations. It signifies the degree to which there is a network of ties between the policy-maker, business community, and the civil society. A combined result is four types of analytical categories of states. The first is a *developmental state*, where a high level of rationalized bureaucracy gives it policy capacity as a basis of actual *autonomy* and a network of close ties with dominant classes provides *embeddedness* as a basis for productive partnership. The second form of state is *bourgeois clientelist*, where the state is closely networked with dominant classes but lacks a *rational-legal bureaucracy*. As a result, several agencies are captured by elite groups and used for rent-seeking purposes.

The third category is an *overdeveloped post-colonial state*. Like the *developmental state*, there is a highly rationalized bureaucracy with the expected competence and a corresponding *autonomy* but it lacks a balance of networks and operates at a low level of *embeddedness*- a state of condition where *autonomy* is not reinforced by *embeddedness*, typically suffering the consequence of lack of access to information, which is a valuable policy input. The fourth category is a *predatory state*. It lacks both a *rational-legal bureaucracy* and a network with other social forces; neither the bureaucracy is autonomous nor is it embedded into social networks of ties. In this case, the state with low levels of performances in both the rationalization of state bureaucracy and the formation of alliance with dominant classes would present an ‘ideal-typical patrimonial state’ such as Zaire (pp.178-179). Table 1 depicts a generalized summary of these four analytical categories of states.

Table 1: Analytical framework of *Embedded Autonomy*

		(Weberian dimension of theorizing the state) State structure = capacity & coherence (Autonomy= Degree of rationalization of state bureaucracy)	
		High	Low
(Marxian dimension of theorizing the state) Class-state relation (Embeddedness = Degree of dense networks of ties among dominant social forces)	High	Developmental State (e.g. South Korea)	Bourgeois Clientelist State
	Low	Over-developed Post-Colonial State	Predatory State (e.g. Zaire)

Source: Adopted from Wright (nd.: 177-179)

### 3. Research Methodology

With the aim to understand the state of *Embedded Autonomy* in Ethiopia’s experimentation with DDS, this paper analyzes the NPC as an institutional frontier mandated to pilot policy and steer development. Given its newness and the purpose of establishment, we hope that it can offer an important entry point as a case study. The scope of the study is delimited to “pre-reform” time introduced by the premiership of Dr. Abiy Ahmed. Empirical data were collected over the years 2016 and 2017, making the analysis and findings rather limited to

the period in question. Thus, while having its own contribution to drawing implications for Ethiopia's evolving developmental model, a delimited scope of the research makes it far from covering the on-going changes in government that might entail a change in political economy conceptions since 2018. In other words, the time frame within which the research was conducted has not allowed analysing political economy dynamics in what could be termed as the "post-Hailemariam" leadership of Ethiopia.

The research pursued an exploratory and descriptive case study design to understand a concept, that is, *Embedded Autonomy*, in the context of Ethiopia by examining an institution, that is, NPC, as an empirical case. Exploring the state of *Embedded Autonomy* in view of the NPC as an institution offered the opportunity to make organization level analysis, which enabled to draw broader implications for national developmental endeavors in a DDS context. The research employed the qualitative approach and relied mainly on primary data collected through interviews. The data was collected from multiple sources, that is, organizations from three categories of societal actors - government, private sector, and NGOs), which represent three competing spheres of influence - state, market, and civil society. Methodologically, as popular writers crossing disciplinary boundaries such as Creswell (2013) and Bryman (2012) and those discipline-focused writers such as Barakso, et al. (2014) and Bernard (2006) would suggest, diversifying the sources of data helped enrich the data, achieve the objective of triangulation, and generally ensured to obtain benefits from the strengths of each source of data, resulting in increased confidence in the findings. The subject of the research also demanded to solicit information from the three key categories of domestic developmental actors.

Key Informant Interview (KII) was used as a principal means of data collection. Primarily, informants were selected purposively based on the organization they represented and the position they occupied. By using a snowballing method, resource persons from relevant institutions were carefully identified and selected. Accordingly, officials and experts were interviewed, accounting for a total of 13 informants: 5 at the NPC, 5 at the Ethiopian Chamber of Commerce and Sectorial Associations (ECCSA), 1 at the Ethiopian Charities and Societies Forum (ECSF), and 2 at the Ethiopian Charities and Societies Agency (ECSA). Reports and other secondary sources were used to supplement interview data. Analysis involved transcription of interview data, reorganization into thematic categories, triangulation of themes from different sources, and presentation in narration.

## **4. Results**

### **4.1 NPC: Ethiopia's Initiative of Professionalizing Development Planning through Institutionalizing a Pilot Agency**

*Institutional foundations of NPC.* By the *Council of Ministers Regulation No. 281/2013*, national planning commission (NPC) of Ethiopia was "established as an autonomous federal government organ" with a legal personality and institutional accountability to the Prime Minister (Art. 7 (1&2)). The Commission is entrusted with the objectives "to prepare five-year plans of national development in the framework of country wide balanced growth within the context of a long term perspective plan of fifteen years, and conduct periodic evaluation of the implementation of the plans" (Art. 9). The Council of Ministers also exercised its power to issue the legislation to establish the national planning council and the Commission pursuant to Articles 5 and 34 of the *Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 691/2010*. In the Commission, a list of ten areas of powers and duties are vested (Art. 10). Led by a commissioner and two deputy commissioners, the planning agency is organizationally structured into about 20 Directors of Directorate Offices.

*Drivers of creating NPC.* In an interview, the Director General of the NPC stated that two major drivers culminated in the creation of the NPC. Firstly, the idea of establishing an independent planning institution emanated from the commitment to ensure that the government fulfills its promise of development to the people. As he said, “the drivers are developmental needs”. Accordingly, the establishment of the NPC followed a process of restructuring in a phased way. Initially, two former ministries- Ministry of Economic Development and Cooperation (MEDC) and Ministry of Finance (MoF) - were merged to form the Ministry of Finance and Economic Development (MoFED). The change was necessitated for two interrelated reasons; one being the overlapping responsibilities of MEDC for international cooperation and the planning of national development and the other is the need for a greater organizational efficiency and effectiveness sought in a changing economy.

Secondly, the “developmental state” project called for a greater role of the state in economy and a need arose for mobilizing increased public resources. This is because, according to him, factors such as an expanding economy in size and complexity, the urge for poverty alleviation, and the scarcity of resources naturally demanded planning, for which the merger did not work any longer. He indicated,

*... a need arose to create an independent planning institution, a technical arm, an institution backed by research, an institution responsible for monitoring progress of the economy, and which is directly accountable to the Prime Minister rather than to the Council of Ministers unlike the preceding merger ministry.*

According to the Director General, these drivers and rationales- developmental needs that necessitated corresponding structural and institutional foundations- sublimated into the creation of the NPC. The following sub-sections present results on the state of policy autonomy of the NPC in view of institutional capacity, autonomy from within government, and autonomy in relation to non-state domestic actors such as the private sector and the civil society actors.

## **4.2 Policy Autonomy of NPC**

*Institutional capacity of NPC as a measure of policy autonomy.* This section presents results on institutional capacity of NPC as a measure of policy autonomy. Institutional capacity is viewed here from two components, some aspects of which are closely related to the results already highlighted, namely the institutional-structural design and the human factor as an expression of bureaucratic coherence. The Director General pointed out three measures of capacity- institution, structure, and human resource.

The former two, institution and structure, are discussed here in conjunction and the latter is analyzed separately. Regarding the institutional-structural design of the NPC, the Director General stated that institutional foundations of creating the NPC vested in the constitution, which creates the three organs of government- legislative, executive, and judiciary. This allows the system to function in an interactive relationship of check-and-balance where the organs are governed by their own respective rules, regulations, and guidelines. According to him, this democratic procedure of separation of powers creates an enabling institutional-structural environment that can be considered a measure of capacity. This is because it trickles down into developmental outcomes through the exercise of a freedom of action. As he stated, “there are rules, regulations, and guidelines, which are workable, and in line with the constitution and, therefore, [...] these form institutional bases that enhance organizational capacity”.

Regarding the human factor as a measure of organizational capacity and an expression of technical autonomy, the human resource condition of the Commission was assessed in terms of existing status of staffing

the Commission and the Weberian notion of meritocratic recruitment. Regarding the staffing status of the Commission, the *Human Resource Development and Employment Plan Directorate Director* stated that education had become a priority strategy of the government and the NPC, as a part of the executive organ, is not only regulated by the rules that govern the executive organ but also shares a similar challenge of a shortage of qualified personnel. Hence, as he maintained, the NPC is yet to become the kind of technical institution with the necessary human resource, meaning that the Commission did not meet the staffing level as requirement.

Regarding the preparation of the government and its confidence in the labor market, which is important for understanding the feasibility of realizing a supposedly ambitious goal of institutionalizing a demandingly knowledge-based institution of policy piloting, both the Director General and the Director of the *Human Resources Directorate* had a shared view that it is usual to start with a vision and proceed with available resources. They both maintained the position that the creation of the Commission was a reasonably overstretched commitment in a demanding time to act with capacities at hand, the Director General stating that there is no such an assumption that a newly created organization fulfills its human resource requirements in full from the onset nor is it the case that it could do so within a definite period of time.

Instead, as he speculated, it may take even more than a decade to staff a newly established technical institution like the NPC, which is commissioned for conducting research, among other things. He further stated that it may also be the case that some posts would not be filled at all. And he believed that an optimal staffing level of about 70 to 80% may suffice to enable the Commission to function to a reasonable degree.

Regarding the degree to which the Commission pursued meritocratic recruitment principles and practices and the meritocratic composition and technical capability of existing staffs, the Director maintained that the administration of the Commission demonstrated a very great commitment to make the NPC meritocratic-based. As he indicated,

*...the commissioner wants to make this institution a very technocratic institution, which advises the government semi-independently. This commission is expected to conduct studies, evaluate, monitor, and give feedback and advise the government; in this case, it needs some sort of merit-based staffing and technocrats who can analyze the economy in a better way.*

Describing the continued staffing process, he stated,

*...staffing is still ongoing; ... no directors, team leaders, even experts, ... very junior; ... one or two years experienced experts in terms of human power; the Commission is recruiting; still there is a gap in human power particularly meritocratic-based recruitment. It is the interest of the Commission to recruit technical people as a director, as technical expert, and you can't imagine how these people passed the exam, which is very strong and very challenging; that is how we really see how the Commission recruits technical experts to make its staff meritocratic.*

*Autonomy from within government: Independence of policy from politics.* This section presents results on institutional autonomy from within government as a measure of policy autonomy, which is required to ensure the independence of policy from the influence of politics, a naturally blurry boundary yet a necessity. Understood in terms of the degree to which the NPC as a technocratic institution is free from the control of the political institution, that is, the executive (Council of Ministers), it looks into institutional autonomy of the NPC in relation to the accountability arrangement that makes the NPC a part of the executive and creates a form of “intra-executive relationship”.

Regarding the benefit of this arrangement, the Director General stated that the choice of direct accountability of the NPC to the Prime Minister over the Council of Ministers has a comparative advantage. The arrangement is more likely to give the NPC the opportunity to directly present its policy recommendations for action by the premier executive, enabling the Commission to enjoy the political will to have leverage for conducting research, providing a scientific policy advice, and monitoring and evaluating implementation of plans. Asked about the degree to which the NPC is free from the political wing and influential on policy matters from within government, the Director General stated that the Commission is rather semi-independent as it is “an institution established by the will of the executive in order to further the wishes of the executive”. He further reiterated,

*...the Commission is established with the interest of the political wing... the idea that this is the technical wing established to lead the economy with a long term plan is the interest of the government; due to that, the government established this Commission to advise the Prime Minister in particular, government in general in terms of where this country is going to in terms of socio-economic changes and development. So, this is the technical wing, and the relationship with the political wing is that the Commission is under the Prime Minister. It is thus a semi-independent body that advises government by conducting studies that can go to the level of bringing policy agenda on board as a recommendation to the Prime Minister; and despite its capacity in terms of staffing and other things, the government wants this commission to be influential.*

According to the Director General, restructuring the old planning institutions into the current Commission was a high level decision. He stated that it was the interest of the government to scale up and establish the Commission by benchmarking the experiences of other countries implying that the NPC undertakes what the Prime Minister Office undertakes. According to him, this indicates the emphasis given to the planning function of the government.

He stated,

*...it is the Prime Minister who commissioned this Commission; so in that case, we can see that the government has given due emphasis to planning. Due to many factors, such as lack of well-established planning institution and market failures, the government wants to have a long term plan; the government wants this Commission to work as a Commission, with that capacity; it is expected to formulate long term, medium term, and short term plans; in this case, you can expect that the Commission does not only plan but also monitors and evaluates.*

*Autonomy of NPC in relation to non-state domestic actors.* This section presents results on the state of policy autonomy of the NPC in relation to two other key societal actors placed in a competing power position in developmental endeavors. One is ECCSA, a national chamber of commerce and sectorial associations that represents the private sector. The other is ECSF, national forum for charities and societies that represents the civil society actors. The relationship between the NPC and these two developmental actors is entertained more generally in terms of their relation with the government rather than through a direct and specific institutional mechanism established between these key societal actors representing the three spheres of influence or loci of power- state, market, and civil society.

ECCSA, originally the Ethiopian Chamber of Commerce (ECC), was initiated in 1943 and formally established by the Charter No.90|47 in 1947, then restructured by the Proclamation No. 148|74 in line with the then command economy policy, and eventually reorganized and reconfigured into the current shape by the Proclamation No. 341|2003 in line with free market economy policy and industrial development strategy

(ECCSA, 2014). In an interview with two Directorate Directors- *Research and Advocacy Directorate* and *Membership Affairs Directorate* at ECCSA, it is stated that the Association serves as an apex organization of chambers and sectorial associations in Ethiopia. It is mandated with the objectives of, inter alia, working on three major areas: capacity building, trade and investment promotion, and advocacy services aimed at enhancing the development of the private sector in Ethiopia.

With respect to the relationship between NPC and ECCSA, Deputy Head of ECCSA, in an interview, highlighted that the relation is better understood in terms of the broader relationship between the state and the Chambers of Commerce (or more generally in terms of state-business relation), which was sustained over three quarters of a century. According to him, state-business relation in Ethiopia showed improvement following the introduction of Public-Private Dialogue Forum (PPDF) in 2010. Describing his assessment of the change, he stated that the relation has since gone well as the state came to develop some trust and confidence in the private sector, which is hoped to show progress and development and, therefore, needs to be strengthened. Concerning policy stages where consultative engagements showed more significance, the Deputy Head stated that formulation stage has seen a more pronounced participation, less in agenda setting, and none in policy evaluation.

Regarding past achievements, from among 115 issues raised by the private sector representatives on consultative forums, about 54% got acceptance by the government. And in an initiative to revise trade law, 70% to 80% got acceptance by the government. Yet, an expert for *Investment Director* at ECCSA stated that state-business relation is rated to be infant, but growing while there are joint activities in trade and investment promotion, capacity building, promotion through events, policy reforms, and ECCSA managed to create a research wing that identifies issues and produces research-based policy evidence. Also, he added that public-private dialogue initiatives became by far improved as compared to countries with some similar attributes such as Vietnam and Cambodia.

According to the *Director for Research and Advocacy Directorate*, state-business relation was rather weaker, hostile, and uncooperative before the introduction of the Private-Public Dialogue initiatives. Describing his overall assessment of the change, he stated, “in my observation it is average”. According to a *Director for Investment Directorate*, a growing friendly relationship has been observed between the private sector and the government where policy issues emanated from both the government and the Chamber on an equal footing even though the government exercised leverage in the final decision-making phase.

Generally, it is indicated that the following consultative forums were conducted with regard to policy areas and the type of activities the state and the private sector could undertake jointly. These are generally stated as commerce related issues, which included but not limited to: 1) problems related to implementation of tax law; (2) trade logistics and customs; (3) company registration and business licensing; (4) forum on government procurement law and its implementation; (5) forum on tourism sector challenges and recommendations; (6) forum on company formation challenges and recommendations; (7) forum on tax appeal and VAT refunds; (8) forum on access to finance problems; (9) forum on protection of property rights in Ethiopia: challenges and recommendations; (10) forum on manufacturing sector competitiveness and productivity problems; (11) forum on procurement related challenges and recommendations of selected sectors; (12) first national business conference of June 27, 2013; and (13) 12<sup>th</sup> forum implementation follow-ups: forum on construction permit. It is stated that, from among 12 major dialogue forums, 10 of them were held by government ministers and 2 by the Premier.

In terms of the interactive nature of relationship in and during consultative engagements and the implications of such consultations for policy autonomy of the state, for example through such a technocratic institution like the NPC, the Director General of the Commission stated that, in the policy-making process, the drafting stage of development policy is participatory and involves key stakeholders. Nonetheless, consultative

engagements did not mean that the government is influenced and decided solely on the basis of the recommendations of the stakeholders. He emphasized that,

*...it is important to clarify and make a distinction between policy autonomy and policy independence; for example, the government that implements the recommendations of an investor or investors is not autonomous.*

In that regard, according to the Director General, the official position of the government is that participation is not an option, but mandatory, and at all stages, from plan formulation through implementation to evaluation. Nonetheless, participation did ever mean neither influence nor domination. As he reiterated,

*In practice, what the government does is to come up with draft policies; approval is made after deliberations, and the draft policy comes out as a law; but when the government wants to come up with, for example, industrial policy, it is not influenced by any other actor.*

With respect to the specific mechanisms and strategies the government employed to avoid influence and maintain its policy power, the Director General stated that every stakeholder came with its own vested interest, which is observable during consultative forums. For example, during the formulation of draft development plans like the Growth and Transformation Plans (GTPs), there were many instances whereby stakeholders claimed that their interests were not duly considered, implying that it is too early to discuss issues like ‘policy overtake’ by actors other than state. Thus, while the plans government had at hand clearly reflected the interests of stakeholders, from the DS point of view, however, they provided unquestionable bases for an autonomous government. Further reiterating, he stated the following.

*First of all, what the government does is spelling out clearly its position on policies and strategies of development for the country; then, it provides alternative ways of engagement for other actors such as defining areas of involvement of the private sector wherein it can assist or support the government.*

By implication, policy role of non-state actors such as the private sector is limited to some form of assistance or support. It is learnt from informants that, up until very recently, mechanisms had not been created for the private sector in Ethiopia where it could have a niche in policy matters. As a result, state-business relationship remained weak, hostile, and uncooperative. But this has changed to some degree as a result of the introduction of the Private-Public Dialogue Forums (PPDFs).

With the aim to redefining state-society relation, coordinating and meeting the needs for representation of the civil society actors, ECSF was established in May 2013 with a legal status as an umbrella organization comprising charities and societies. The Forum includes all types of charities and societies through networks, local and international. The Forum’s operational scope is at federal and state level with a focus on legal, institutional and operational issues and processes that commonly concern the charities and societies sector in Ethiopia. The objectives of the Forum include, but not limited to: (i) creating a formal but non-statutory institutional arrangement whereby charities and societies actively participate in coordinating, collaborating, networking, facilitating and supervising a range of initiatives aimed at strengthening and maintaining conducive enabling environment for their effective engagement in and contribution to national development endeavors; and (ii) putting in place the foundation for the establishment of necessary arrangements guiding the interaction between charities and societies, government bodies, and other relevant stakeholders. One group of societies that

is particularly essential for civic engagement is categorized as Mass-Based-Societies (MBS). This may comprise professional associations, women's associations, youth associations and other similar Ethiopian societies (Article 2(5)). This group of society is hoped to play an important role in social accountability areas, strengthening anti-corruption measures, mitigating maladministration, and enhancing good governance.

With respect to the relationship between NPC and ECSF, evidence indicates that a more or less similar nature of interaction as in the case with ECCSA prevailed although the organizational level of ECSF is by no means entrenched as deeply as ECCSA. As stated earlier, the Forum was established as a Secretariat with the purpose of coordinating activities among CSOs, with government, media, and other supportive bodies, among others. In an interview, Coordinator of the Forum (also the Secretariat) stated that the relationship between the state and the CSOs on policy matters remained weak for some time. Generally, however, the framework of relationship between the state and the CSOs is guided by the principle of "a shared-vision but differentiated roles" while policy leadership is offered by the government. According to Deputy General Director of ECSA, a closer and stronger relationship between government and domestic civic societies prevailed over time. Among others, the Agency held discussion with domestic CSOs every 3 months but every 6 months with foreign CSOs.

Further, Proclamation No. 621\2009 allowed the domestic CSOs to engage in matters related to human rights and democracy even though restricting foreign-based CSOs to engage in activities related to development. The proclamation allows local NGOs to participate in human and democratic rights activities that are able to generate 90% of their fund from domestic sources while it categorizes NGOs that received more than 10% of their funding outside the country as foreign institutions banned from activities related to human and democratic rights. The Coordinator of the *Forum* stated that NGOs blame the proclamation to have limiting the sources of finance and the scope of their activities thereof. Nonetheless, the *Director for Communication Directorate* at ECSA argued in defense of the proclamation, stating that:

*We are encouraging developmental NGOs and civil society groups to contribute for the development and democratization for the country. Nevertheless, we do not encourage foreign driven funds to be served to democratize in Ethiopia. As a sovereign nation we do not allow funds that come in the name of NGOs to disseminate neo-liberalism agenda.*

It is also indicated that a forum in which all civic societies are represented exists and the forum engages high level government bodies, including Office of the Prime Minister. And CSOs have seen an enabling environment to participate in policy formulation, implementation, and monitoring and evaluation. Nonetheless, it is indicated that practices of rewarding developmental CSOs and punishing rent seekers remained far from being a custom. Yet, ranking measures were taken, placing CSOs on A, B, and C levels.

Another informant at ECSA, a *Director for Communication Directorate*, stated that government provided support to CSOs to enhance their participation to promote transparency and trust-building while initiating practices of punishing wrong doers. He further stated that the Agency, as a state actor, developed confidence in civic societies' ability in playing a meaningful role to promote democracy and development. According to him, policy dialogue forums are also utilized to promote relationship with civic societies, which have consequences for cultivating a cooperative relationship between the state and the CSOs.

With respect to punishing rent seekers, it is reported that back in 2008, about 206 civic societies groups got last warning, 122 were shut down due to failure to respect the law, and the rest were denied to secure funding. Generally, according to Director, the Agency pursued strategies such as *Dialogue Forum*, *Citizens' Charter*, and *Memorandum of Understanding* to improve relation with CSOs. In general, it is observed that the state and the CSOs initiated collaborative relationships, although not directly with the NPC. It can also be said

that policy autonomy of the state (thus policy autonomy of the NPC by extension) in relation to CSOs in general and in relation to ECSF in particular is maintained.

### 5.3 Challenges to Policy Autonomy and Institutional Embeddedness of the NPC

*Weak institutional capacity: low level of rationalization of the bureaucracy.* One measure of weak institutional capacity of the NPC is identified as low level of rationalization of its bureaucracy, which implies low level of bureaucratic coherence and has a broader implication for *embedded autonomy* of the state. It was reported that the NPC could not establish a meritocratic bureaucracy due to, among other things, the shortage of technically equipped and professionally experienced personnel in the labor market, inability of existing employees to demonstrate the necessary developmental mindset, and a high turnover of employees.

In this regard, the Director General of the NPC raised the concern that it is so perplexing to see employees losing motivation and refraining from applying their knowledge. While recognizing the shortage of the necessary human resource in the labor market, mindset is reported as an equally or even a more serious problem which does not have any simple solution. Stated in his own words,

*... for instance, when you decide to get employed by an organization, it means that you know your employer and you are entering into a contract and commitment to work for it. But what is the problem that you do not exhaustively use your knowledge and skills? Why is that you fail to take a leading role? Why [is it] the case that the rush is only until one is sure he or she signs the employment contract? This is a big challenge. The government has identified mindset problem as a challenge at the national level. It seems that changing mindset is very difficult even with higher pays; it does not have a solution.*

As it is observed from the response of the key informant, employees do not have the necessary positive attitude toward working for government.

Interview results with an expert for *Macro-Plan Preparation and Management* and two other Directors (*Reform and HRM Directorate, Human Resource Development and Employment Plan Directorate*) at the Commission indicated that most of the positions created remained vacant, making the staffs overburdened with overlapping responsibilities. On a broader scale as well, the informants consistently made reference to the civil service system as a whole, which they see is weak in attracting and retaining qualified personnel for various reasons, such as, incompetent salary and lack of adequate compensation packages especially when compared with employers in the other key sectors: industries and NGOs.

*Complexity of institutional coordination within state and non-state actors.* Complexity of institutional coordination is identified as a challenge both within state and in the interaction of the state with non-state actors. Within state, institutional mandates and accountability arrangements seem to create overlapping of roles and responsibilities and can subject the bureaucracy to the political office. Under the FDRE constitution, the legislative organ has a mandate to create institutions (e.g. set of rules and regulations) that may come out as laws. In the exercise of the power of legislation in all matters (Art. 55 (1)), it approves appointments of commissioners (Art. 55(13)), and establishes such specialized political organizations as *a Human Rights Commission* (Art. 55(14)) and the *institution of the Ombudsman* (Art. 55 (15)). But the jurisdiction of the legislature in creating specialized institutions like the NPC is not expressly spelt out. This may have implications for policy autonomy of the NPC.

Furthermore, the Council of Ministers has the institutional mandate to decide on the organizational structure and coordinate activities of ministries and other organs of government responsible to it while also providing leadership (Art. 77 (2)). By the *Council of Ministers Regulation* No. 281/2013, the NPC exercises the powers to, among others, serve as a secretariat of the National Planning Council (NPC) and provide support as

needed (Art. 10 (1)); formulate macro-economic targets of savings, investment, exports and imports which are consistent with the growth-target of gross domestic products, and reform measures pertaining to policies and legislations (Art. 10(3)); and formulate plan implementation matrix by line ministries at the federal level and regional bureaus showing actions to be undertaken covering the entire sector plan (Art. 10 (8)). These and other powers mandated to the Commission do provide for ways to effectively centralize planning. But, potentially, it can have the effect of overriding ministries and deter them from acting in areas where they have information in greater detail. By doing so, and if coordination is not effective and efficient, decisions made by the Commission may miss out from sector-specific policy-relevant information.

Relationship within the executive may be further complicated as the Commission is accountable directly to the Prime Minister, not to the Council, which is an institution vested with, under Article 77 (6) of the Constitution, the powers to “formulate and implement economic, social and development policies and strategies.” This also may have implications for bureaucratic autonomy due to political interference.

As the Director General of the NPC stated, “a higher degree of bureaucratic autonomy could not be ensured as the ruling party and the state administration got intertwined”. He stated that this intertwining of bureaucracy and political advocacy complicated the assessment of rent-seeking and corruption, which are perceived to be rampant within the state institutions. It is consistently noted by the Director General of the NPC and other three directors interviewed in the Commission (*Reform and HRM Directorate, Human Resource Development And Employment Plan Directorate, and Plan Implementation M & E Directorate*) that the NPC as a technical wing of government is challenged by uncomfortable conflation of techniques and politics in the work place, which, they believed, had also plagued Ethiopia’s public bureaucracy in general. It implies that the executive accountability arrangement may have the effect of political subjection of technocrats.

State-business relation seems to be hampered by complexities such as lack of a clear mechanism of institutional coordination and overlapping jurisdictions. Up until the finalization of ECCSA’s five-year strategic plan in 2014, it seemed that there had not been any institutional arrangement created to establish formal linkage between the NPC and the ECCSA. Rather, ECCSA seemed to have sustained a more direct relation with other development related ministries and agencies such as the MoFED, Ministry of Industry (MoI), Ministry of Trade (MoT), and Ethiopian Investment Agency (EIA), among others, which it identifies as key stakeholders in government (ECCSA, 2014: 28). Nonetheless, the NPC is mentioned nowhere in the *Strategic Plan* document of ECCSA.

As it is the case with ECCSA, frameworks that define state-society relation do not provide any direct institutional and policy coordination between the NPC and the ECSF. The Ethiopian Civic Society Agency (ECSA), an organization that has the mandate to license, register, promote, and arrange Forums for discussion, seems to have taken the mandate.

*Overlapping jurisdictions and constrained freedom of action of ECCSA.* In the five-year (2014/15-2018/19) *Strategic Plan* document of ECCSA, “parallel trade forums” such as “Traders Forum”, “EPRDF Supporters Traders Association”, and “Hidase Traders Association” are identified as threats to the operation of ECCSA. It states that the formation of these forums “created confusion and it became even common to witness antagonistic stand within the same sector on the same issue between various representatives of the business communities” (ECCSA, 2014: 36). In the same document, it is claimed as a key strategic strength of ECCSA to have “strengthened working relationship with government” (p. 43). At the same time, it is stated as a challenge to ECCSA to have government backed “parallel trade forums”, which complicates operation, constrains freedom of action, and exacerbates its institutional weakness. It is stated,

*The creation of parallel forums may challenge the chamber to unite the business community around common issues, recommendations, and policy alternatives. It also creates fragmentation of membership as more than one advocacy group represents the same constituency (pp. 36-37).*

Another measure of overlapping jurisdictions is, according to an expert for *Investment Directorate* at ECCSA, the fact that the governing proclamation in place gave equal weight for tiny *firms* and big business companies alike, which he believed is a constraint to incorporating strong leaders and rich merchants. He commented that the proclamation needed revision.

*Weak private sector and civil society actors.* The weak state of condition in which both the private sector and the civil society actors operated in Ethiopia is a conviction shared among most of the informants interviewed from all the three studied institutions- NPC, ECCSA, and ECSF. For example, the *Director for Research and Advocacy Directorate* at ECCSA mentioned that the private sector remained weak and less organized due to the overlapping jurisdictions stated above and the diverted attention of the government to those similar trade forums established by the state itself and operated as “parallel trade forums”. Moreover, according to the *Director for Investment Directorate* at ECCSA, the Chamber has limited capacity both in terms of human resource and finance. In addition, as he stated, the private sector in Ethiopia is “very young”, the bureaucracy is tight, and rent-seeking is a challenge to fight against. An expert for *Investment Directorate* shared a similar view that, overall, the chamber remained weak to engage developmental private actors. He stated, “The Chamber is not strong”. He also suggested that there should be a strong commitment by the government to enhance the capacity of the Chamber.

Acknowledging the weakness of the private sector especially in policy matters, the Director General at the NPC held the view that Ethiopia could not have a private sector which is able to influence state policy. According to him, the inability of the private sector to influence policy is attributed to a number of factors, the most important of which is immaturity of the sector in several respects. First, in as much as the actual capability of the state is limited by human and institutional factors, the private sector lacks capacity (e.g. human, financial as well as institutional) to support research and development (R&D) that contributes to policy innovation. Second, consultative platforms were limited and even if there were consultative platforms which the private sector could make use of to contribute inputs to policy, it could not be able to generate ideas in a context where the sector’s innovate capacity is limited and its engagement in R&D is low.

With respect to the ability of the CSOs to influence policy, Coordinator of the Forum emphasized that weak relationship with government did not allow CSOs to have influence on policy matters. He stated that open policy consultation platforms rarely existed. A similar explanation is stated in ECCSA’s *Strategic Plan* document about the stake and the strength of the CSOs in policy matters. ECCSA identifies CSOs as one of its key external stakeholders despite lack of confidence in the sector. Position of the Association is stated as follows.

*They can be of help for ECCSA and its members by advocating for good governance and conducive policy framework. However, the civil society does not seem to possess much power to influence policy decision making owing to the restrictions imposed by the charities and societies proclamation that was passed in 2009 (ECCSA, 2014: 29).*

*Weak state in rewarding developmental actors and punishing rent-seeking.* Weakness of the state in addressing rent-seeking behavior is identified as another indicator of institutional capacity. As an expert for *Investment Directorate* at ECCSA pointed out, the state remained weak in defending rent-seeking behavior in a system where it has become a tradition to corrupt. According to him, the state is not efficient enough to reward developmental private actors and punish rent seekers. This can be contrasted

with the viewpoint held by the Director General of ECSA, who believed that there state showed commitment especially in punishing rent seekers.

Generally, we have identified interrelated challenges stated as major areas of concern for all actors especially government. The challenges include: (i) weak institutional capacity resulting from low level of rationalization of the bureaucracy; (ii) complexity of institutional coordination both within state and between state and non-state actors; (iii) overlapping jurisdictions especially arising from the proliferation of “parallel trade forums”, which have direct support from government; (iv) Weak private sector and civil society actors; and (v) inability of the state to reward developmental actors and punish rent seekers.

## 5. Discussion

This paper has explored the state of Embedded Autonomy in Ethiopia’s experimentation with “democratic-developmental state” (DDS). As an empirical case that offers an entry gate into understanding organizational stakes, it examined the NPC- a new institutional frontier committed to technocracy, mandated with policy piloting, and responsible for guiding the professionalization of development planning. From the major findings, we concluded that the basics of DDS institutional platforms are in the creation, but without removing bottlenecks, implying that a generally low level of Embedded Autonomy impedes to take on board the envisaged development and postpones the juxtaposed ideals of DDS. These findings are discussed in conversation with some literature.

One of the expressions of institutional and policy capacity identified in this paper is the fact that basic rules are laid down, allowing for freedoms of action while giving direction. It has been identified that laid down institutional frameworks can be considered measures of capacity. For example, there are clear merits to the belief that division of powers among the three organs of government provided an enabling condition for the respective institutions to enjoy freedom of action thereby employing some form of institutional capacity. The finding is consistent with theoretical discussions that rationalize economic significance of the democratic ideal of limited government that springs from, for example, division of powers. In view of this, literature provides evidence that political institutions have indisputable economic roles. For example, Weingast (1995) asserts that “markets and limited government are complementary aspects of economic development and reform” (p. 25).

The constitutional basis of division of powers of government, therefore, can be appraised as the normative appeals that the system rested on anchoring institutional-legal infrastructure, which facilitates growth and enables the economy to bounce and take-off given other conditions are fulfilled. Indeed, it gives the impression that the democratic institutional mechanism of control of check-and-balance system is taking root and, as a result, a political condition is met for economic upturn. But how far is this true? It seems that the finding fails to scape some critical appraisals that point to the mishandling of the constitutional division of powers in practice. This is particularly so with respect to judicial independence and legislative neutrality in the governance system.

With respect to judicial independence, for example, Alemayehu G/Mariam (2008) wrote, “[t]here is a broader and deeper structural problem with the judicial system, and perverted politicization of the role and functions of judges in Ethiopia” (p.139). With a much closer tone, Tsegaye Regassa (2009) expressed his reflection in the analysis of making legal sense of human rights in Ethiopia, stating that “the fact that they [judiciary] are not the ultimate arbiters on constitutional matters might undermine their position vis-à-vis the other organs in the *trias politica*.” (p. 329). Assefa Fiseha (2011) argued further to the point that he characterized the judiciary as a ‘quasi-judicial’ body placed within the executive. These evidences and argumentations can duly imply that the judicial body in Ethiopia has been highly likely placed on a dependent

position that demeans competing development ideals and harmony between and among the organs- the *trias politica*.

Therefore, practicality of frameworks is generally contested. It is uncritically believed that laid down rules are workable in the face of ample literature that point to the contrary, highlighting a failure of implementation in multi-faceted sectors, for example, in industrial policy (Altenburg, 2010; Mulu, 2014), agricultural policy (Devereux, 2000; Edilegnaw, 2008; Mengistie, et al., 2015), education policy (Tesfaye, 2014), employment policy (Nunzio, 2015), environmental policy (Keeley and Scoones, 2000), tourism policy (Mitchell and Font, 2017), and foreign policy and international relations (Villicana and Venkataraman, 2006), entailing existing rules are not generally workable partly due to insufficient issue diagnosis in many policy areas. In fact, some of these allegedly worked rules might have worked, but possibly with unintended costly consequences.

Relying on existing literature, therefore, it can be conscientiously argued that the problem with EPRDF government policy would rather lie more in its impracticality than in the inability of personnel or incapacity of organizations. Arguments suggesting this claim of institutional unwieldiness go farthest to challenging the constitutional order contending that gaps manifest themselves between the constitutional design and practice (Tsegaye, 2010). Paradoxically, however, it is the inability of personnel and incapacity of organizations that make the policies impractical simply because these policies are not made to fit well into what exists, thus seriously lacking feasibility. In other words, endowments of the country where it could have enjoyed relative advantages are less accounted. Instead, it can be said that policies fell short of implementation because they are made to be over ambitious and overstretched.

Despite the creation of basic institutional platforms, therefore, which can be indeed recognized as a concrete expression of “political will”- an intangible but a key resource in developmental endeavors, the prospect of policy autonomy of the NPC is less clearly spelt out. Arising from challenges such as weak institutional capacity due to low level of rationalization of the bureaucracy, complexity of institutional coordination mechanism within state and with non-state actors, overlapping jurisdictions that impede freedom of action, and the weak state of condition in which both the private sector and the civil society actors operated, serious limitations condition both dimensions of autonomy: (i) autonomy from within government (referring to institutional capacities and coordination) and; (ii) autonomy from non-state actors (referring to state-business relation and state-society relation).

With respect to the internal structural arrangement, despite being a pilot agency responsible for the professional side of policy engagement, the fact that the NPC is created as a part of the political wing assuming a form of “intra-executive relationship” raises a concern as potentially limiting policy autonomy, which appears to be inconsistent with literature that advocate separation of the activities of the bureaucracy and that of politicians (Dahlström and Lapuente (2012). That may require mechanisms to reconcile with literature that advocate bureaucratic responsiveness and bureaucratic autonomy under institutional influence (Kim, 2006). Initially, as it is observed in the purposes imbued in the establishment of the Commission, it looked like a technical arm created as a specialized and an emancipated knowledge-based institution mandated with the role of providing direction and coordination of ministerial and other executive agencies with a further power of oversight, beyond policy recommendations.

The mandate seemed to give it a broader and wider scope and gravitation toward permanence unlike the three government organs- legislative, executive, and judiciary, which change with change of government. Owing to this nature of permanence as an extension of the bureaucracy, but also as a convincingly a flagship policy organization by way of the degree of rationalization sought, institutional ways of doing things, and the people who do it (technocrats), the NPC as an institution does not change, for example, with election.

If the Weberian bureaucracy is to be applied to the NPC to a certain degree, its stipulation is that the institution of the bureaucracy tends to maintain and sustain its permanence by some institutional mechanisms of keeping the right distance from the political executive. It follows that the accountability of the NPC as a permanent institution of a specialized mission to the transient institution of the executive (recalling that the NPC is directly accountable to the Chief Executive Officer of the Council of Ministers) makes it questionable the seemingly taken for granted “intra-executive relationship” system of internal institutional arrangement within government. This is due to, at least partly (but also significantly), its destabilizing consequence for the Commission.

It is argued here that there is more cost than gain to putting the NPC under the Prime Minister, a person, as this has the potential to engender personalization and political patronage, contrary to the notion of impersonal relationship in the Weberian bureaucracy. Under such circumstances, political patronage may not be tackled even when leaders may be found to be exceptionally talented and committed. Tilman Altenburg’s (2010) precautionary warnings may be useful here:

*Relying fully on the wisdom and integrity of an enlightened leadership [...] is not without risks. Power constellations may change, those who have vested interests in SOEs [state-owned enterprises] and endowment-owned enterprises may gain political influence, and political power shifts may force political leaders to compromise on their development agenda. This is why it is important to build checks and balances into the political system (p. 30).*

In an assertive quotation statement by an official from the NPC, quoted here once again, “...it is the Prime Minister who commissioned this Commission; so in that case, we can see that the government has given due emphasis to planning”, we see tendencies of engrossment among officials in either a mindset of political partisanship or simply in their over confidence in the commitment of the executive, on top of dismissing the fact of change, which comes about through either meritocratic recruitment (as it applies to technocrats) or democratic election (as it applies to politicians), generally failing to dissociate individual transience from organizational continuity. At the end, it is all about balancing. A professor called Bill West once said that not only executives could practically represent interests far narrower than those represented by the bureaucracy but also political control of the bureaucracy could undermine its competence and responsiveness to the people. After all, is it plausibly admissible that a pilot agency for development planning becomes “an institution established by the will of the executive in order to further the wishes of the executive”? Rather, we detect that personalization had already taken its root, potentially blocking a conscientious interpretation of one’s technical role and an accountable discharging of those roles, responsibilities, and mandates ascribed to a policy-centered and knowledge-based institution expected to operate beyond politics, but based on science. If the state of affairs would continue, we may not be left with convenient chances to safeguard policy autonomy from the influence of politics.

It is observed that the accountability arrangement that gives rise to a form of “intra-executive relationship” between the NPC and the Council of Ministers grants the Commission not a full autonomy but, in the words of the Director General, a “semi-independent” status. This institutional proximity to the chief executive might come with the necessary virtues in effecting the translation of “political will” into concrete policy realities. At the same time, this kind of “intra-executive relationship” in matters of policy may be interpreted as a means for political maneuver over policy. In a parliamentary political system like Ethiopia’s, the Office of the Prime Minister represents Head of the Government, which is also head of the ruling party. Led by the Prime Minister as its Chief Executive Officer, the executive (Council of Ministers) is collectively accountable to the legislature. In light of this, it is highly likely that executive accountability of the NPC puts it

under a direct surveillance of the political office. In other words, this kind of institutional arrangement has the tendency to create a condition where, as a technocratic institution, activities of the bureaucrats are directly and easily subjected to activities of politicians.

But if the Commission is to function as policy pilot agency, that is, a nodal policy institution of the state, which is supposed to assume a relative permanency, putting it under the accountability of the Office of the Prime Minister could diminish its policy autonomy in some ways: firstly, it tends to reduce its functionality under the brief terms-of-office of the executive, which makes it, in practice, a temporary organ of government due to the changing nature of rules governing the changing and brief interests of the executive. This may pave ways for sustaining political partisanship, blocking knowledge infusion into policy. Secondly, its autonomy could be compromised by divesting the Commission of its nodular character and denying it a direct accountability to the House of Peoples' Representatives, the legislature, which exercises a higher degree of legislative jurisdiction.

The NPC as a nodal agency, a technical wing – as an institution that does some three important functions- providing scientific policy advice, coordinating tasks among the different ministries, and monitoring and evaluating implementation of plans by ministries, the arrangement that makes it a part of the executive appears to contradict its very purpose of serving as an over-sighting institution that should provide, empowered by knowledge, an stable institutional checks to the unchecked executive, which is over-armed by political power. As it is highlighted earlier, this raises more concern in a political context like Ethiopia's where democratic check-and-balance systems have not taken any deeper root.

With respect to political loyalty and politicization of the state bureaucracy, it seems that challenges to policy autonomy arising from within the state are largely attributed to the failure of the state to transform the public bureaucracy from an incompetent attached-patron to an internally coherent erudite institution that functions within an appropriate hierarchy of authority capable of exercising impersonal power demonstrating the required professionalism. That is, the civil service as an institution could not establish an authority system that matches position, a position that functions using official resources without owning, and the one which operates in accordance with stipulated rules as a responsible, accountable, and transparent administrative agency. Observation of political loyalty among civil servants is consistent with earlier findings. "The lack of separation between party and government affairs means that bureaucrats are highly politicized" (Aalen, 2014:193). This politicization of state bureaucracy manifests itself in the general tendency of the system to favor ruling party affiliated individuals and groups to find a place not only in government but also in party-run crony businesses. For example, from a finding of a study on Tigray region, Gebre and Melesse (2014) observed that the politicization of the civil service in Ethiopia practically hampered the development of a neutral policy implementer.

In fulfilling its human resource, it is highlighted that the NPC applies stringent methods of recruitment and selection of staff. This has positive repercussion on staffing the Commission based on meritocratic principles. It is also consistent with *Proclamation No. 691/2010*, which requires the *Ministry of Civil Service* to "ensure that the recruitment and selection of the federal civil servants is based on merit system" (Art. 17 (b)). Yet the NPC finds itself grappling with not only a dearth of human resource in the work place and in the labor market but also a problem of mindset among its staffs, putting the Commission under the constraints of two or more sides of the same conundrum, presenting a threesome challenge: positions are not filled sufficiently with professionals; filled positions are run by unhappy employees (reluctant, disgruntled, and hostile); and technically equipped employees flee the Commission.

In a context where mindset stands out as a much more immediate problem and challenging exercise than the actual scarcity of human resource in the labor market, the Commission is said to have confronted most with human resource-related challenges arising from the already employed staff. This conveys important messages

about the human drive for change and progress, about their motivations and commitments to accomplishing not only one's job but also in demonstrating the necessary craftsmanship required to meeting national developmental goals. This evidence contrasts with ideas of influential contributions in the DS literature, which emphasize the human dimension of growth factor notably expressed in terms of bureaucratic coherence (Evans, 1995, Wade, 1990, Johnson, 1982). It also contrasts with the experiences of successful East Asian countries such as Korea and Taiwan. These two countries took forward the DS model taking advantage of bureaucratic build up and administrative capacity, which they inherited largely from Japanese rule (Öniş, 1991).

Low level of rationalization of state bureaucracy could be directly related to low level of education and poor human capital development that hinders the realization of developmental purposes. Observations of this paper are consistent with previous research findings that generally concluded, for example, "[u]ntil the quality of education is fit to the demand of the economy it is not possible to say that the need for human capital has been satisfied, only by counting number." (Ayenachew, nd: np.). Kidanemariam (2016) reached a concluding remark that "the economic performance can be improved significantly when the ratio of public expenditure on health services to GDP increases and when secondary school enrolment improves" (p.51). In other words, public expenditure on health services as a share of GDP is low and secondary school enrolment falls short of the optimal level at which it could trickle into economic growth and national development.

In this regard, an observation of this paper is that, in the 21<sup>st</sup> century knowledge society that espouses a knowledge economy (see Altbach, 2009 & 2011; Audretsch and Thurik, 2000), the Ethiopian civil service system in general and the bureaucracy of the NPC in particular is still desperately struggling to demonstrate the kind of capacity a knowledge economy may require (see Hammer, 1996; Bach and Kessler, 2008). Future researches need to reveal the details of realities in the three core pillars- knowledge, skills, and attitude. For advocates, 21<sup>st</sup> century skills are skills beyond basics, but that emphasize "a new workforce reality that demands a next generation of [---] workers who are independent thinkers, problem solvers, and decision makers" (Silva, 2009:630).

It is evident that an organization is set up when the need arises. It is also equally evident that organizations set up on the basis of sufficient information about resource availability would become more successful. In the planning arena, it is true that some plans emerge as goal-oriented while other plans come as resource-driven, depending on anything convincing at hand that urges the plan to surface or makes the creation of an organization a matter of urgency. While creating a demanding institution like the NPC, therefore, it appears that an assessment of the human resource basis becomes a pertinent issue, which does not seem to be a case in practice and, therefore, must have its own repercussion on organizational performance. This may be reflective of the concerns of informants at the Commission who reported that they performed overlapping tasks as many of the directorate offices remained unoccupied.

Thus, it seems that the NPC is yet to go a longer distance in fulfilling its human resource requirements if it wishes to become the kind of technocratic institution for which it is created. With respect to complexity of institutional coordination, it appears that the NPC is yet to become the kind of national planning institution with the scope of partnering with the private sector as a key developmental actor in government. It could also be said that ECCSA is yet to recognize the NPC as a useful institution with which it could engage in national developmental endeavors. Nonetheless, detailed further research is required especially in regards to the changes in the "post-reform" period since 2018.

The fact that it was the interest of the government to scale up and establish the Commission by benchmarking the experiences of other countries appears to be meritorious. Nonetheless, benching entails emulating success stories as standards of reference. As shown by Evans (1995), South Korea, a historically grounded ideal type and prototypical developmental-state where autonomy and embeddedness played pivotal roles in economic upturn (p.12), could offer such a standard of reference for drawing developmental lessons but

success may be better guaranteed if the ‘politics of emulation’ (Clapham, 2006) could be done without necessarily emulating or copying as a replica. This is because, as the saying goes, interest alone does not cook a meal and benchmarking had to be practically grounded in realities linked to the necessary fuels and oils for a smooth driving on a very bumpy road as the objective conditions in Ethiopia would testify. And it does not appear that such energizing and lubrications have been duly accounted for, conforming with ample literature especially those attesting to the persistence of a corrosive state-business relation in Ethiopia (Seife et al., 2016; Altenburg, 2010). From analysis of four case studies, including Ethiopia, Seife, et al. (2016) pointed out the complexity of state-business relation as in hereunder:

*... many of the important interactions between states and businesses consist of what we refer to as ‘negotiation’; our four case studies focus on such interactions, which do not fit easily into any of the standard ‘boxes’ of conflict, collaboration, capture or co-optation (p. 38).*

With respect to policy autonomy of state vis-à-vis the private sector, one point we consider critical to start with is the observation that government is not influenced by the private sector at all, almost conclusively, and by the recommendations of any other domestic actor as a stakeholders for that matter. In part, this signifies the inability of the private sector, its infancy as compared with government, not merely policy capacity of state institutions. Instead of demonstrating technical capacity by which the private sector can be fascinated and supported to contribute to national development endeavors, the government relies on its own relative position to keep the private sector at bay. There is the tendency that the government builds on the weakness of the private sector. In other words, government keeps the private sector at bay because, firstly, it inclines to do business as usual drawing on its only experience of doing business as a cultural engagement that signifies a path-dependence.

Secondly, government cannot see their usefulness; if the government has not seen the private sector contributing its share of knowledge and capital, how could it be possible for it to have faith in them? The private sector itself is far from engaging in the production of knowledge through research and development and does not have the capacity (but also the culture and the interest thereof) to invest capital in R&D needed by the economy. This can be reflected in preference of most investors to engage in service sectors such as hotel and catering businesses and their retreat from the manufacturing sector, signifying a low level of readiness of the private sector in Ethiopia to take risks and share burdens that a concerted national development would demand. More directly, however, in a political economy context where the relatively powerful state lacks internal coherence, which fails to offer a sound institutional environment, the private sector is denied a sound framework of transaction within which businesses and investments proliferate and contribute to national developmental endeavors.

Regarding the tendency of the government to view policy recommendations by the private sector as impediments to its policy autonomy, official claims appear rather flawed, if not denials. It can be said that such flawed reflections on the participation of non-state actors in a policy decision that affects their operation is a reflection of the generally restrictive attitude of the government in keeping the business community at bay while itself running enterprises to the extent of owning. Owning business is what is in the institutional memory of Ethiopian government. It is likely that the memory sustains path dependence. But this appears to have some contradictions with the very characteristic of the DS enterprise, where,

*“strong states are typically characterized not only by a high degree of bureaucratic autonomy and capacity, but also by the existence of a significant degree of institutionalized interaction and*

*dialogue between the state elites and autonomous centers of power within civil society” (Öniş, 1991:123).*

Finally, with respect to the relationship between planning and resources, the experience of the NPC highlight that the establishment of organizations follows the motivations to formalize, not institutionalize. It seems that the creation of the NPC was motivated more by the drive to have a planning institution irrespective of considerations such as resource and constraints thereof. It seems that the vision mattered irrespective of provision. It means that the government was more vision-oriented other than resource-motivated when creating the NPC. In other words, the NPC was created out of a high level of political will. Hence, it can be said that political will is one of the most important resources mobilized in the creation of the NPC as a pilot agency designated to facilitate and steer growth and realize development along the DDS political economy conception. But this same resource could be constrained by a limited scope of the will spreading among politicians at all levels, weakening the so called ‘political fellowship’.

## 6. Conclusion

This paper has explored the state of *Embedded Autonomy* in Ethiopia’s experimentation with “democratic-developmental state” (DDS). As an empirical case that offers an entry gate into understanding organizational stakes, it examined the NPC- a new institutional frontier committed to technocracy, mandated with policy piloting, and responsible for guiding the professionalization of development planning. The research in this paper employed qualitative approach and relied mainly on interview data collected from organizations representative of the three loci of power that influence development to either progress or regress and, therefore, have stake in policy matters. Major findings highlight that the basics of DDS institutional platforms are in the creation, but without removing bottlenecks. On the one hand, the purposes imbued in the creation of the Commission (e.g. objectives, rationale, mandated autonomy, and organizational structure, among others) and institutional accountability arrangement that makes the Commission answerable to the premier signify government’s commitment, which in turn is an expression of “political will” – an engagement that entails efforts to concretize an intangible resource but a key precondition for state-led development.

In the case of East Asian success stories such as Korea and Taiwan, transformation was made possible primarily through state elites who showed “unusual and exclusive attachment to economic growth and competitiveness” (Öniş, 1991, p. 116). Evidences contrast with the ideal that development would result from “political institutions that credibly commit the state to honor economic and political rights” (Weingast, 1995). On the other hand, objective organizational condition of the Commission renders it a low level of institutional capacity, which undermines policy autonomy. Most likely, actual policy capacity of the Commission may be compromised by a severe deficiency in technocratic power, which is contrary to expectation and inconsistent with the ideals of bureaucratic coherence prophesied by advocates such as Evans (1995).

Furthermore, a set of interrelated challenges such as overlapping jurisdictions, complexity of institutional coordination, immaturity of non-state actors, inability of the state to reward developmental actors and punish rent-seekers, and a mutually suspicious state of discord inherited from culturally exploitative relation of rent-seeking among networks of elite mired in corruption tend to conflate and hinder developmental partnership, rendering the DDS political economy in Ethiopia the attributes of a “predatory state”. This implies that a generally low level of *Embedded Autonomy* impedes to take on board the envisaged development and postpones the juxtaposed ideals of DDS. Findings contrast with the ideal that the foundation for building a DS, which is democratic at the same time, requires the ability of the state to mobilize not only technically well-educated workforce but also patriotic citizens who uphold nationalist sentiments for growth and development.

It appears that Ethiopia misses out from both sides: citizens constituting the workforce do not seem to be technically well-equipped nor are they sentimentally well compassioned behind national development. This conclusion is consistent with ... It suggests that if the NPC is committed and able to pursue its own means of managing talent, which should be generally different from and more attractive than the civil service system, it could be able to make use of advantages from the already under-mobilized educated workforce to embark on cultivating a developmental mindset.

Exploiting proximities to the Office of the Prime Minister as an opportunity for political backing of research without losing technocratic power of science and professionalism, the NPC can easily enhance its institutional capacity for actual policy autonomy, which: (i) makes it strong enough for effective and efficient policy coordination; and (ii) facilitates ways for establishing a collaborative network of ties with non-state policy actors such as the private sector and the civil society. This can be enhanced by complementary actions taken in the general civil service system that not only facilitate labor mobility but also strengthen commitment to shared developmental vision. If employed incrementally and systematically, the same political resource, howsoever intangible it may be, can be mobilized to transform the civil service system from a generally rent-seeking culture of *kleptocracy* to an erudite institution that serves a national developmental purpose.

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- 1) General Director, Monitoring and Evaluation Bureau
- 2) Director for Reform and HRM Directorate
- 3) Director for Human Resource Development and Employment Plan Directorate
- 4) Director for Plan Implementation M & E Directorate
- 5) Expert, Macro-Plan Preparation and Management Directorate

**B) 5 KIIs at ECCSA**

- 1) Deputy Head of ECCSA
- 2) Director for Research and Advocacy Directorate
- 3) Director for Membership Affairs Directorate
- 4) Director for Investment Directorate
- 5) Expert for Investment Directorate

**C) 1 KII at EFCSF**

- 1) Secretariat coordinator, EFCSF

**D) 2 KIIs at ECSA**

- 1) Deputy General Director of ECSA
- 2) Director for Communications Directorate