



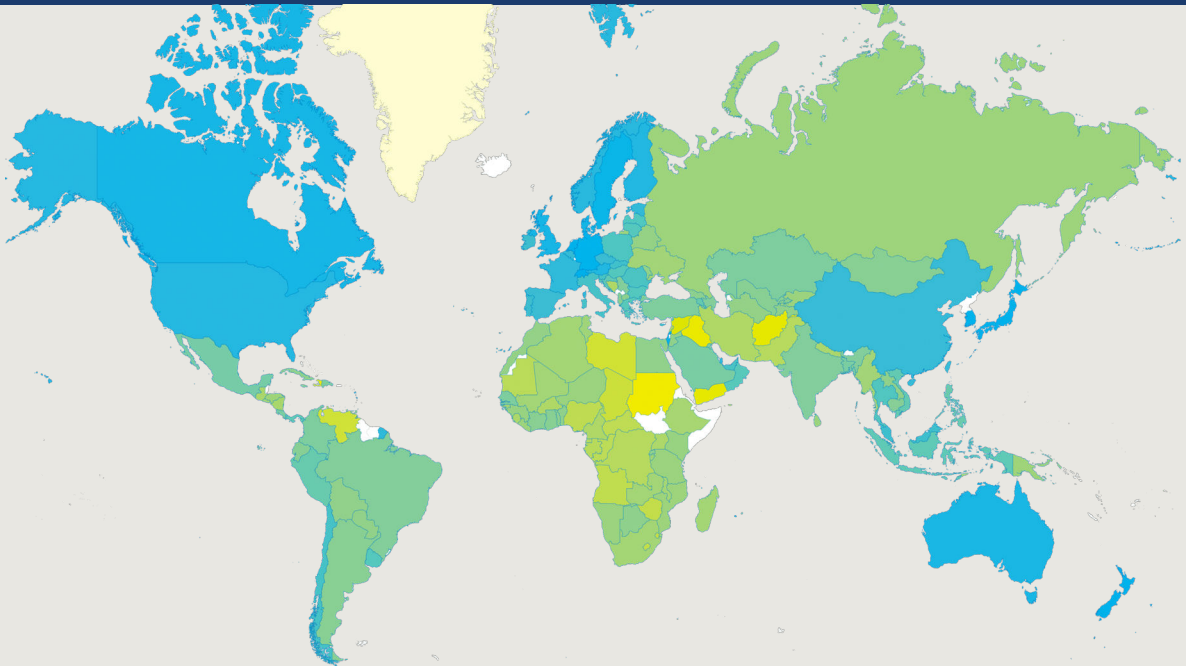
**ELITE QUALITY
INDEX**
EQx2024

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ELITE QUALITY REPORT 2024

Ethiopia: Shaping the Future Despite Adversity

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Ethiopia

Shaping the Future Despite Adversity

Ethiopia's economic landscape has undergone a significant transformation over the past decade, driven by the government's reform program aimed at shifting to a more private-sector-led growth model. Ethiopia is described as a country with a robust growth trajectory, tripling its 2011 GDP per capita of US\$350 to over US\$925 a decade later, and aspiring to achieve middle-income status by 2025 (the lower level of which is a GDP of US\$1,086 per capita). In recent years, however, Ethiopia has faced new challenges, such as civil war, COVID-19, and various international conflicts, which have slowed the country's growth. According to the EQx2024, Ethiopia is doing less well than in previous years. Overall, Ethiopia's position in the EQx has fallen this year (rank #119 in 2024, down from rank #101 in 2023). This deterioration is the result of a drop in its rankings in each of the four Index Areas. In terms of Political Power, it still does reasonably well (i, rank #99), but saw its Political Value drop precipitously (iii, rank #140 in 2024, down from rank #133 in 2023), meaning that the political elite has recently become more extractive and lost its willingness or ability to engage in inclusive reforms. Economic Power is stable (ii, rank #79), while Economic Value has suffered a drastic fall (iv, rank #103 in 2024, down from rank #92 in 2023).

74 Fiscal discipline has been one of the defining characteristics of Ethiopia's recent economic achievements. The IMF has recognized Ethiopia's efforts to reduce its *Government debt as a % of GDP* from 54% in 2021 to 31.2% in the EQx2024 (DBT, iii.9, rank #47). This fiscal prudence, combined with an emphasis on debt management, has placed Ethiopia in a favorable position relative to its regional counterparts. Additionally, Ethiopia has been dealing harshly with *Political corruption* through the legislative implementation of strict anti-corruption policies (COR, i.1, rank #74).

However, key challenges remain. Government revenues have declined and *Inflation* (DOI, iv.11, rank #134), while somewhat contained, remains a concern. In addition, economic forecasts indicate that external pressures, such as the consequences of the war between Russia and Ukraine, could dampen growth prospects in sub-Saharan Africa, including Ethiopia.

The quality of Ethiopia's elite has evolved significantly in line with these developments. The government's "Vision 2025" aims to develop Ethiopia's economy through strategic FDI (FDS, iv.10, rank #94, and FDD, iv.10, rank #42), increasing export earnings through *Economic globalization* (EGL, iv.10, rank #144), and improving the quality of life, for example, through better food security (FSQ, ii.7, rank #84) for its citizens. To this end, the focus is on political stability, economic

reforms, and the creation of a business environment that is conducive to innovation in agriculture, manufacturing and services. Despite its impressive recent growth spurt, Ethiopia still faces challenges related to the centralization of Political Power (OPG i.1, rank #120), which in a multi-ethnic state (with over 80 languages spoken) could impact on its ambition to foster a diversified and resilient economy. Nevertheless, the country has already demonstrated significant progress in areas such as the *Global Slavery Index* (GSI, i.3, rank #86), *Government support for entrepreneurship* (GSE, ii.6, rank #35) and *Government education expenditure* (GEE, iii.7, rank #87).

In order to be able to maintain its growth trajectory, Ethiopia needs to strike a balance between state initiatives and the dynamism of a market economy. The government's national economic reform program and ten-year development plan focus on privatizing key sectors like telecoms, power, logistics and transport, improving financial services and access to capital, and encouraging FDI.

In conclusion, Ethiopia's economic future looks promising, provided that reforms continue, public finances are strategically managed, and an enabling environment is fostered for the private sector. If it succeeds in doing so, Ethiopia could become a major player on the African continent, with an elite whose quality matches its economic aspirations.

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Ethiopia

EQx2024 Country Scorecard

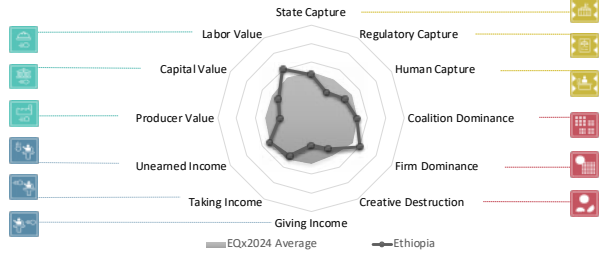
Population **123.4 million**
 GDP (nominal) **127 billion USD**
 GDP per capita **1'028 USD**



Level 1 – Index	EQx Rank / 151 119	EQx Score 43.8	NextGen VCB Rank Rank 92	Middle Quality Elites
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Level 2 – Sub-Indices & Index Areas	EQx Sub-Indices				EQx Index Areas							
	Power		Value		Political Power (i)		Economic Power (ii)		Political Value (iii)		Economic Value (iv)	
	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score	Rank / 151	Score
	88	44.2	126	43.6	99	42.0	79	45.2	140	41.2	103	46.0

Level 3 – Pillars		Rank / 151	Score
Political Power (i)	State Capture	79	47.1
	Regulatory Capture	115	32.5
	Human Capture	109	41.5
	Coalition Dominance	82	49.3
Economic Power (ii)	Firm Dominance	20	60.6
	Creative Destruction	88	37.4
	Giving Income	139	28.7
Political Value (iii)	Taking Income	107	46.2
	Unearned Income	73	51.3
	Producer Value	138	33.3
Economic Value (iv)	Capital Value	117	40.6
	Labor Value	37	60.9



Level 4 – EQx Indicators		Rank / 151	Score
State Capture (i.1)	COR Political corruption	74	47.8
	COC Control of corruption	80	43.4
	OPG Open government	120	16.1
	RTC Government's responsiveness to change	75	45.8
	EPR E-Participation Index	130	21.1
	PFDD Press freedom	108	35.0
	NJK Nr. of journalists killed per 1 million people (2yrs avg.)	57	54.8
	PDE Political decentralization	69	50.1
	ADE Administrative decentralization	53	59.5
	PGL Political globalization	63	55.7
Regulatory Capture (i.2)	WPI Women's Power Index	44	64.3
	MOB Social mobility (upward) (dev. fm optimum)	43	59.0
	INE Top 10% share of pre-tax national income	70	50.3
	GWL Gini coefficient on net national wealth dist. - level	52	63.5
	GWC Gini coefficient on net national wealth dist. - 3-year growth	67	51.4
	GIL Gini coefficient on income dist. - level	60	57.5
	GIC Gini coefficient on income dist. - 1-year growth rate		
	ECR Ease of challenging regulations	55	52.9
	CGP Constraints on government power	112	22.6
	REQ Regulatory quality	118	28.3
Human Capture (i.3)	REN Regulatory enforcement	115	22.4
	PRI Property rights	121	28.0
	CRO Crony capitalism		
	JNO Informal output as a % of GDP	80	47.2
	GSI Global Slavery Index	86	48.1
	FDP Forcibly displaced people as % of population	127	47.5
	HRI Human Rights Index	138	19.2
	AFI Academic Freedom Index	83	45.7
	GRI Religion - Government Restriction Index	80	54.1
	LIN LGBT+ inclusiveness	123	22.8
Coalition Dominance (i.4)	WSB Women self made billionaires		
	WBL Women, business and the law	94	48.6
	WMA Proportion of women in senior and middle mgmt positions (69	41.0
	IEE Top 3 industries exports as % of exports	118	22.5
	IEO Top 1 industry exports as % of exports	135	2.7
	IVA Top 3 industries as % of value added		
	HDI Domestic market diversification	69	57.4
	ECI Economic Complexity Index	100	30.4
	PUE Public employees as a % of total employment	29	68.2
	MIL Military expenses as % of GDP (dev. fm optimum)	9	69.7
Firm Dominance (ii.5)	UNI Unionization rate (dev. fm optimum)	11	71.1
	BSN Barriers in service & network sectors		
	CRA Criminal actors	67	54.9
	SME SMEs per 1,000 people		
	FAM Family business revenues as % of GDP		
	BIW Billionaires' wealth as % of GDP	1	60.6
	FKG Top 10 firms market cap as % of GDP		
	FRG Top 3 firms revenues as % of GDP		
	FRR Top 30 firms revenues as % of GDP		
	ENT Entrepreneurship	102	29.2
Creative Destruction (ii.6)	GSE Governmental support to entrepreneurship	35	53.9
	VCK Venture capital finance	35	38.5
	VCA Venture capital availability	48	54.7
	RND R&D as a % of GDP	85	41.8
	EXR Firm exit ratio		
	BCD Billionaire's creative destruction	52	33.8
	IWE Index of Women Entrepreneurs	48	22.4
	LEW Life expectancy women	111	32.9
	LEM Life expectancy men	116	29.3
	COM COVID-19 mortality rate, age-adjusted	23	76.3
Giving Income (iii.7)	COF COVID-19 fatality rate, age-adjusted	38	61.5
	SCI UHC Service Coverage Index	146	3.7
	PTR Pupil-teacher ratio	139	0.0
	EDU School life expectancy		
	PIS PISA mean scores		
	UNV Top universities		
	GEE Government education expenditure	87	42.4
	GAR Government AI Readiness Index	110	29.5
	OSI Online Service Index	116	26.8
	NRI Network Readiness Index	122	14.8
Taking Income (iii.8)	INT Internet access	146	0.0
	GHI Global Hunger Index	81	27.0
	FSQ Global Food Security Index - availability, quality & safety	84	29.3
	GPS Expenditure on general public services as % of GDP (dev. fm o		
	GEX General government expenditure as % of GDP (dev. fm optim	106	12.3
	SNT Subsidies and transfers as % of expenses	89	36.6
	REG Regional redistribution as % of government budget	56	64.4
	CSG Construction supply gap		
	SPO Social protection	125	19.9
	SFA Sanitation facilities	110	8.1
ELA Electricity access	125	20.5	
FOS Fossil fuel subsidies	56	64.5	
Unearned Income (iii.9)	SUB Death rate from substance use disorders	65	57.2
	BRD Battle-related deaths per capita	150	39.7
	HOM Homicide rate	108	26.4
	SUI Suicide rate	46	62.7
	DTR Tax revenue as % of GDP (dev. fm optimum)	60	57.4
	DCT Corporate tax rate (dev. fm optimum)	81	46.2
	DPS Delta public vs private sector salaries		
	FDE Fiscal decentralization		
	GCI Global Cybersecurity Index	100	35.8
	GEG Gender education gap (dev. fm optimum)		
Producer Value (iv.10)	CRM Criminal markets	113	31.5
	DBT Government debt as % of GDP	47	62.7
	NRR Natural resources rents as % of GDP	92	38.9
	GPA Green patents per capita	128	13.2
	EPI Environmental Performance Index	115	28.9
	RES Renewable energy share	6	99.4
	OLI Ocean litter		
	DER Deforestation rate	75	56.6
	FUS Fertilizer usage kg per hectar	47	61.0
	TLP Terrestrial land protected	70	48.5
Capital Value (iv.11)	CDD CO2 emissions embodied in domestic final demand per capita		
	CDO CO2 emissions (metric tons per capita)	11	69.8
	AIR Air Quality Index	88	38.0
	HAZ Hazardous waste per capita		
	WPC Waste collected per capita		
	MWR Municipal waste recycling rate		
	FIS Fish consumption per capita	2	79.1
	MET Red meat consumption kilograms per capita	22	75.7
	PAT Nr. of patent applications per capita	127	43.6
	FBH Financial burden of healthcare	29	66.6
Labor Value (iv.12)	HEI Health Efficiency Index		
	DMS Density of medical staff	141	26.1
	FSA Global Food Security Index - affordability	108	3.8
	HAI Housing Affordability Index	78	9.0
	RTD Rail track density	82	24.6
	GAI Global AI Index		
	FDS Inward FDI as a % of GDP (stock)	94	39.2
	FDI Inward FDI as a % of GDP (flow, 3yrs avg.)	42	54.4
	BTF Barriers to FDI		
	OFB Open for business		
EGL Economic globalization	144	10.6	
TRF Trade freedom	135	16.1	
IPM Share of imports targeted by protectionist measures (flow)	52	50.7	
IPS Share of imports targeted by protectionist measures (stock)	18	73.6	
DGI Share of discrim. govt. intervent. as % of total intervent. (flo	56	56.3	
DGS Share of discrim. govt. intervent. as % of total intervent. (sto	82	44.1	
DOI Inflation (dev. fm optimum)	134	42.8	
DEF GDP deflator index growth rate (dev. fm optimum)			
DNI Neutral interest rate (dev. fm optimum)			
FMI Financial Markets Index	117	28.4	
GCF Gross capital formation	60	52.9	
GOL Gold demand as % of GDP			
CRY Crypto ownership			
UNN Unicorns			
UNC Unicorns as % of GDP			
BSG Billionaires self-made per capita			
BSM Billionaires self-made as % of total billionaires			
LPG Labor productivity growth	38	61.5	
WLP Delta real wage vs labor productivity increases			
LFP Labor force participation rate	26	68.4	
LFR Labor force participation ratio - male vs female	35	68.4	
UEM Unemployment rate	52	64.0	
YUN Youth unemployment rate	26	71.1	
BRN Human flight and brain drain	98	35.7	

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