Hasanuddin Journal of International Affairs
Volume 4, No 2, August 2024
ISSN: 2774-7328 (PRINT) 2775-3336 (Online)

# Ethio-Telecom Reform: An Assessment from the Perspective of Homegrown Economic Reform and the Imperatives of Economic Globalization

**Diriba Adugna Tulu**
*Oromia Attorney General Bureau, Finfinne, Ethiopia*
*Email: Adugnatulu10@gmail.com*

***Abstract***
*This article explores the Ethio-Telecom Reform within the context of the Ethiopian government's Homegrown Economic Reform (HGER) and the imperatives of economic globalization. Its main objective is to analyze the extent to which the Ethio-Telecom reform within the HGER agenda is genuinely homegrown and new by considering internal dynamics and external influences. In order to achieve the intended aims, the article employed a qualitative approach, which includes the analysis of existing work surveys and document examination. To this end, the work has relied primarily on secondary data sources. The article argues that the Ethiopian HGER, with a specific focus on the Ethio-Telecom sector reform, reflects a mix of endogenous factors and external influences, with ongoing debates regarding its originality and alignment with domestic priorities. Moving forward, it should balance external support with local perspectives to avoid being perceived as a replication of external models.*
***Keywords:*** *Ethiopia, Homegrown Economic Reform (HGER), Ethio-Telecom, Deregulation, Liberalization, Privatization, Globalization*

## 1. INTRODUCTION

The pursuit of sustainable economic development has long been a priority for nations worldwide, with various approaches and strategies employed to foster growth and prosperity. One such approach that has gained prominence in recent years is the concept of *homegrown* economic reform, which emphasizes the importance of domestically driven initiatives tailored to local needs and priorities. This approach stands in contrast to externally imposed development models and seeks to empower countries to take ownership of their economic destinies.

In the Ethiopian context, the notion of *homegrown* economic reform has been a subject of intense debate and scrutiny, particularly in light of the government's initiatives such as the HGER agenda. This agenda aims to address economic challenges and drive growth through policies and reforms that are purportedly rooted in local realities and aspirations. However, the originality of the HGER agenda as a truly *homegrown* initiative is under scrutiny, with debates questioning its resemblance to standard International Monetary Fund (IMF) programs rather than being indigenously developed.

Concerning Ethio-Telecom, Ethiopia has been the target of domestic and international pressure to deregulate, liberalize, and privatize its telecommunications sector, but until recently, it has maintained a highly centralized, vertically integrated, single service provider form of state monopoly. However, Communications Service Proclamation No. 1148/2019, a historic bill that deregulated, liberalized, and privatized Ethiopia's telecom industry and opened the door for both domestic and foreign businesses to invest in one of the world's last state-controlled telecom markets, was passed by the Ethiopian House of Representatives in 2019.

Against this background, this article delves into the complexities of *homegrown* economic reform in Ethiopia, with a specific focus on the Ethio-Telecom sector and its recent reforms. By examining the various perspectives, debates, and assessments surrounding *homegrown* development, this article aims to provide insights into the potential impact of locally driven initiatives on economic transformation and sustainable growth. To do this, the article employed a qualitative assessment of the Ethio-Telecom reform within the broader framework of the HGER program, analyzing various viewpoints, arguments, and external influences to provide a comprehensive evaluation of the reforms efforts in Ethiopia's telecommunications sector.

The structure of this article goes in the following manner: Following this first section, the second section of the discussion try to conceptualize homegrown development and assess the extent to which the HGER agenda is genuinely *homegrown* and new. The third section discusses the historical background of Ethio-Telecom reform and its elements, as well as navigating external oversight of the conditionalities of International Financial Institutions (IFIs) and Ethio-Telecom Reform. Further, this section examines the extent to which the HGER agenda is indeed *homegrown* within the context of Ethio-Telecom Reform. As usual, the article ends with a conclusion and recommendations.

## 2. ANALITICAL FRAMEWORK

### a. Conceptualizing Homegrown Development

Underdeveloped countries are showing that externally driven development models are not effective in promoting socioeconomic progress (Morgan, J., Lambe, W., & Freyer, A., 2009). Instead, *homegrown* development—an endogenously generated strategy that integrates basic development principles with local characteristics and imperatives—is needed (Agupusi, P., 2012).

*Homegrown* development can be defined differently by different individuals. First, Easterly,W. (2006), a prominent scholar, advocates for *homegrown* initiatives, criticizing the World Bank's *'one-size-fits-all'* approach. He argues that *homegrown* development, based on the dynamism of individuals and firms in free markets, can lift countries from poverty in the long run. Easterly cites the four Asian Tigers as examples of successful *homegrown* strategies. However, he does not define *Homegrown* Development (HGD) but suggests it involves self-reliant exploratory efforts and borrowing ideas, institutions, and technology from the West when necessary.

Second, Morgan, J., Lambe, W., & Freyer, A (2009) also discuss rural America's adoption of a *homegrown* strategy to address global economic uncertainty. They define *homegrown* as an alternative to industrial recruitment, focusing on local assets rather than external investment. Growing from within provides a foundation for building local assets. The Organisation for Economic Co-operation and Development (OECD) Policy Insight perspective suggests that *homegrown* solutions can only be produced from locally generated and context-specific knowledge and policies (Datta, A. & Young, J., 2011). However, the authors do not provide a qualitative description or conceptual analysis of *homegrown* development.

Third, Stiglitz, J.E.(1998), a renowned economist and Nobel laureate, advocated for *homegrown* development as a solution to economic problems. He criticized the Washington Consensus for its narrow focus on Gross Domestic Product (GDP) growth and universal technical solutions. Stiglitz proposed a new paradigm for development, inclusive economic development, emphasizing broader participation and a shift from the Washington Consensus.

Fourth, according to Rahman, M.M. (2012), *homegrown* development strategy "is the people's analysis of development, strengthened through parliament's direct involvement and con-text-specific policies, without donor intrusion or loan conditionality."

It has been evident from the above that different people may define *homegrown* development in different ways. Morgan's *et al* definition emphasizes leveraging local assets with external investment, while Datta and Young focus on local knowledge generation and development policy. Stiglitz emphasizes inclusiveness and a participatory nature. Easterly suggests self-reliant exploratory efforts and Western adaptation from local entrepreneurs, while Rahman emphasizes national parliaments and the absence of loan conditionality from international lending agencies. In general, this approach is a work in progress, but its exact meaning and implications remain unclear.

Ethiopia's HGER was launched under the administration of Prime Minister Abiy Ahmed in 2019. This reform program aims to unlock the country's development potential and propel Ethiopia into becoming an African icon of prosperity by 2030 (Mihretu, M., 2020). The program aims to overcome structural and institutional hurdles through macroeconomic, structural, and sectoral reforms. The ultimate goal is to propel Ethiopia towards sustainable growth, create jobs, maintain economic stability, reduce poverty, and create a path to prosperity in line with global economic trends (Lemu, A. A., 2019).

The ten-year plan of Ethiopia (2021-2030) boldly uses the term *homegrown* but its exact meaning and implications are not explicitly stated (Wazza, M.T., 2022). According to the Planning and Development Commission (2020), the rapid growth was primarily driven by aggregate demand and government-funded infrastructure developments, which were financed through debt and external aid. Thus, it is unclear how the vague *homegrown* can quickly remove such significant fundamental issues (Wazza, M.T., 2022).

In the context of the above discussions, *homegrown* development refers to policies and reforms that are primarily driven by domestic actors based on local needs and priorities. It signifies a sense of ownership and autonomy in decision-making processes that are not solely dictated by external influences but rather reflect indigenous perspectives and aspirations.

**b. Ethiopian Homegrown Economic Reform: To what extent is it Homegrown and New?**

In the 1980s, during the Derg regime, there was an emphasis on reducing dependency on foreign countries and promoting self-sufficiency (Wazza, M.T., 2022). One of the components of this self-sufficiency was the encouragement to wear domestically manufactured kaki dresses and consume domestic products (Lemu, A. A., 2019). After three decades and a half, however, under the Prosperity Party, the idea of *homegrown* came back. Hitherto, this suggests that history is about to repeat itself in Ethiopia.

Remarkably, even though the Ethiopian government's HGER aims to tackle economic issues over the past decade, there are fierce debates as to what extent these reforms are *homegrown* and new. Geda, A. (2019) argues that the policy doesn't appear as genuinely *homegrown* as claimed. Instead, it closely resembles a typical IMF program for re-forming developing countries. The policy seems to have been copied from IMF templates. According to Geda, A (2019), the starting point for any *homegrown* policy should be a deep understanding of the real economic problems within the country. However, Geda, A (2019) believes that the diagnosis in this policy is based on IMF templates rather than addressing the actual issues on the ground. In the same vein, Samaro, Z. (2019) also criticizes the HGER government initiative as neither *homegrown* nor a path to prosperity, arguing that it shares similarities with the disastrous structural adjustment programs (SAPs) imposed on African countries in the 1980s by international institutions like the World Bank and IMF. These programs included fiscal austerity, liberalization of external trade, investment, and finance, deregulation, devaluation, and privatization of state-owned enterprises. He suggests focusing on identifying *homegrown* ideas instead of imported ones (Samaro, Z., 2019).

Conversely, Brook Taye, the then Senior Advisor at the Ministry of Finance, argues that Ethiopian HGER is based on a pragmatic approach and has an inward-looking agenda (Fikade, B., 2019). Taye advocates for a pragmatic approach to Ethiopia's issues, focusing on the country's current needs rather than prescribing specific principles, which he believes will resolve issues and enhance the country's economic situation (Fikade, B., 2019).

Despite the government of Ethiopia's claims that HGERs are *homegrown*, this is not entirely true. While Ethiopian HGER exhibits elements of both endogenous development and external influences, a balanced approach that combines local ownership with external expertise can maximize the reform's impact and relevance. By fostering collaboration, innovation, and inclusivity, Ethiopia can navigate the complexities of economic reform effectively and achieve sustainable development outcomes that reflect a harmonious mix of *homegrown* solutions and global insights.

## 3. RESULT AND DISCUSSION

### a. Historical Background of Ethio-Telecom Reform in Ethiopia

Ethiopia's telecommunications industry has a rich history that dates back to the late 19th century.

**Early Beginnings (1894-1942 G.C.)**: Telecommunications service was introduced in Ethiopia by Emperor Menelik II in 1894 when the construction of the telephone line from Harar to the capital city, Addis Ababa, began (Tewodros, W. W., 2014). The interurban network expanded in various directions from the capital, connecting important centers within the empire. Operators at intermediate stations acted as verbal human repeaters, facilitating long-distance communication (https://www.ethiotelecom.et/history/).

**Post-Ethio-Italy War Restoration (1942-1952 G.C.)**: After the Italians' left Ethiopia, the reestablished Ministry of Post, Telegraph, and Telephone (PTT) took over telephone, telegraph, and radio communications. The network was rehabilitated across the entire country during this period (https://www.ethiotelecom.et/history/).

**Under the Imperial Regime (1952-1975 G.C.)**: The Imperial Board of Telecommunications of Ethiopia (IBTE) was established in 1952. Its purpose was to rehabilitate, extend, repair, and maintain the country's telecommunication facilities. During this time, Ethiopia looked after operational matters in central Ethiopia, and a dedicated regional office was created in Addis Ababa (https://www.ethiotelecom.et/history/).

**Dergue Regime(1975-1996 G.C.)**: Under the Dergue regime, Ethiopian telecommunications underwent several name changes. In October 1975, it was renamed "The Provisional Military Government of Socialist Ethiopia Telecommunication Services (https://www.ethiotelecom.et/history/)." In 1976, the Ethiopian Telecommunications Authority (ETA) Establishment Proclamation No.181/1976 was enacted, which established a monopoly provider known as the Ethiopian Electric Power and Telecommunications Corporation (EEPTC). This corporation held exclusive rights to provide telecommunications services in Ethiopia during that period (Tewodros, W. W., 2014). Later, in January 1981, it became the ETA, retaining this name until November 1996. Significant technological changes occurred during this period, transitioning from automatic to digital technology.

**Under the Federal Democratic Republic of Ethiopia (1991 G.C.-Present)**: Ethiopian telecom reform began in 1996 with the establishment of ETA as an independent agency and Ethiopian Telecommunications Corporation (ETC) as a public enterprise (Proclamation No. 49/1996). The monopoly operator has control over telecommunication services, prohibiting the use of other technologies that bypass local networks. Private operators are not allowed to sell or resell telecommunication services, and voice over internet protocol and call back services are illegal in Ethiopia (Baron, D., 2010).

In 1998, the Ethiopian government amended Investment Proclamation No. 57/1996 to allow private operators to participate in the telecommunications industry. Amended Proclamation No. 116/1998 allowed investors to engage in partnerships with the government in the telecommunications sector. The Ethiopian Privatization Agency invited international investors to gain a 30% stake and management control in ETC. However, this plan was taken off the agenda in mid-2005.

Ethiopia's government, following a five-year plan focusing on education, health, and agriculture, has shifted its focus to improving telecommunication services. Ethiopia Telecom was established on November 29, 2010, with ambitious objectives for 2015, as part of the Growth Transformation Plan (GTP) to support Ethiopia's steady growth (Tewodros, W. W., 2014). Until recent years, Ethiopia remained largely disconnected in terms of communication technologies. The sector was monopolized by the state-owned Ethio-Telecom, hindering competition and innovation. However, efforts are being made to revolutionize connectivity and improve access to communication services (Atinafu, L., 2024).

In October 2018, the Government of Ethiopia announced its decision to proceed with the reform of the Ethiopian telecommunications sector. Central to the reform agenda is to attract investment into the sector while also laying the groundwork for more competition, which ensures improvements in service provision and the transformation of the sector. As a result, Ethiopian Communication Service Proclamation No. 1148/2019 has been adopted by the Ethiopian Parliament. The most important aspect of the proclamation is that it has liberalized the sector, which has been monopolized by the government for many decades. It allows foreign companies to engage in the provision of telecom services in Ethiopia.

### b. Elements of Ethio-Telecom Reform in Ethiopia

The four key elements or components recommended in the telecommunications reform initiatives are as follows (Feleke, B., 2014): i) privatizing the monopoly state-owned provider; (ii) liberalizing or introducing competition; (iii) deregulating controls imposed by the government on the operation of a market; and (iv) setting up a separate regulatory body. These four components can be used in a variety of ways, with varying degrees of implementation.

### Privatization

Privatization is a system of introducing private capital and management into the telecommunications sector through the sale of state companies or the award of new licenses to private operators (Ify, I.P., 2017).

Historically, Ethio-Telecom has been the state-owned telecommunications company in Ethiopia. It has held a monopoly over the telecom sector. However, recent HGER campaigns aim to change this by opening up the market to private and foreign investors (Abitew, F., 2020). Markedly, Ethio-Telecom was the first major enterprise that started privatization, with Communication Service Proclamation No.1148/2019 establishing a new regulatory framework for transparency and consistency. With the passage of this law, the market was opened up to foreign communication companies for the first time. Its primary objective is to promote high-quality, efficient, reliable, and affordable communication services across the nation, foster a competitive market for these goals, and ensure universal access to these services for all citizens (Proclamation No. 1148/2019). Interestingly, Ethiopia has granted telecom licenses to private companies, including the Safaricom-Led Consortium, for $850 million, ending the state's monopoly in the sector (Al Jazeera & News Agencies, 2021). By opening up the market, the government aims to attract foreign investment and technical expertise, improve operational efficiency, drive innovation, and foster competition in the telecom sector (Njenga, N & Phiri, T.K., 2021).

The debate over the privatization of Ethio-Telecom is multifaceted, with various viewpoints and considerations. While some see it as an opportunity, others remain cautious about the potential consequences. Ghenna, K. (2019), in an August opinion piece, opposes the privatization of Ethio-Telecom, arguing it is unnecessary and against Ethiopia's best interests. He believes the government should not sell any portion of Ethio-Telecom, which is often viewed as *a cash cow*, until it has built market capacity and moved beyond the direct government monopoly. Ghenna, K. (2019), criticizes the government for not providing a clear rationale for privatization, arguing that official justifications are insufficient. He advocates for a balance between markets and collective deliberation.

Oppositely, Brook Taye argues that the argument against the partial privatization of Ethio-Telecom is unnecessary and flawed. He argues that Ethio-Telecom's partial privatization overlooks the primary goal of becoming the dominant player in East Africa's market, where the market is characterized by two operators (Fikade, B., 2019). Indeed, Ethio-Telecom is not *a cash cow*, but rather a company that spends billions in hard currency on expensive equipment and services, exacerbating the currency shortage and generating almost no revenue in dollars despite poor services. The government is also not capable of running complex services like modern telecom due to institutional capacity, talent retention, technology, and knowledge (Davison, W., 2019). Henceforth, partial selling Ethio-Telecom to private telecom companies could benefit Ethiopians and help the economy, allowing for more modern businesses to operate.

To settle differences, policymakers must carefully consider the implications of privatization within the Ethiopian context. A transparent and well-regulated privatization process, coupled with safeguards to protect consumer interests and ensure equitable access to services, can help mitigate potential risks while harnessing the benefits of private sector participation. Additionally, mechanisms for monitoring and evaluating the impact of privatization on service quality, affordability, and market competition are essential to ensuring that the reform aligns with the broader goals of the HGER and contributes to sustainable development.

### Liberalization

This refers to the opening up and removal of monopolies in the economy for fair competition among participating investors (Dires, M., 2017). Liberalization can take place via unilateral or multilateral arrangements. Unilateral liberalization is initiated by a given country without any external influence (Oyejide, A. & Bankole, A., 2001). On the other hand, multilateral liberalization is when external government(s) or international institution(s) exert pressure on a given country to reform trade or social regulations. The multilateral approach is superior to the unilateral approach because it assists countries to lock in or sustain reforms and enhances their predictability and stability, as well as transparency (Oyejide, A. & Bankole, A., 2001).

For the purpose of this article, liberalization of telecommunications is defined as increased market access in different sub-sectors by suppliers of telecommunications services, implying the introduction of some degree of competition and modification of the sector's regulatory framework (Ospina,S., 2002).

As mentioned above, Ethiopia has a monopolistic telecommunication system, with state-owned operator Ethio-Telecom managing fixed-line, mobile, and internet services. However, recent developments have led to a shift towards telecom liberalization, aiming to introduce competition and improve connectivity. Thus, Ethiopian Communication Service Proclamation No.1148/2019 has been adopted by the Ethiopian Parliament. The proclamation has liberalized the telecom sector, which has been monopolized by the government for decades. Article 54 of Proclamation No.1148/2019, which has far-reaching implications for the telecom sector: "The telecom sector should be open without limitation to private investors, including both domestic and foreign investors." This means that foreign companies can now engage in the provision of telecom services in Ethiopia, marking a significant shift in the industry landscape (Directive No. 8/2020).

In May 2021, Ethiopia's telecommunications regulator awarded the country's first private-use license in the sector, signaling a shift towards liberalization (Telecom Review Africa.com, 2021). Two new telecom licenses were issued, allowing private companies to establish and operate networks (Al Jazeera & News Agencies, 2021). Speaking at the license agreement signing ceremony between Ethiopia and the Global Partnership for Ethiopia, Prime Minister Abiy Ahmed stated that the liberalization of the telecom sector will positively impact every sector of the economy (New Business Ethiopia, 2021). He highlights that this liberalization will encourage multiple operators to offer better services, lower prices, and improved connectivity. According to him, the new operators will invest in infrastructure, expand network coverage, and introduce modern technologies, benefiting sectors like agriculture, healthcare, education, and e-commerce. Further, he states that expanding telecom services is crucial for digital inclusion, providing reliable communication networks to rural and underserved areas. Improved connectivity will empower citizens, businesses, and government services, enabling e-learning, telemedicine, and efficient logistics. The Ethiopian government expects revenue from license fees, spectrum auctions, and operational fees to be reinvested in critical infrastructure and public services. However, it also presents challenges, such as infrastructure investment, regulatory frameworks, and effective competition. The transition from a monopoly to a competitive market requires careful planning and coordination (Njenga, N & Phiri, T.K., 2021).

**Deregulation**

Deregulation is the process of removing restrictions on prices, product standards and types, and entry conditions (Ikpe, E. H., & Idiong, N. S., 2011). It has been introduced where the existing regulation is thought to cause a barrier to entry into a market, thereby reducing competition.

In the context of this article, deregulation of the telecommunications industry is defined as the introduction of competition through private participation through clearly defined laws, rules, and policies (Ikpe, E. H., & Idiong, N. S., 2011). Deregulating the telecom sector is an avenue to increase the affordability, quality, and reach of telecommunication services (Bortolotti, B., *et al.*, 2002). Thus, it has a positive correlation with growth and development in a developing country (Frempong, G.K. & Aturba, W.H., 2001).

As repeatedly stated above, the Ethiopian Communication Service Proclamation No.1148/2019 is significant legislation that has significantly impacted the telecommunications sector in Ethiopia. Prior to this proclamation, the Ethiopian telecommunications market had been largely closed to foreign companies for nearly half a century. However, with the passage of this law, the market was opened up to foreign communication companies for the first time. Indeed, Ethiopia has also introduced New Investment Regulation No.474/2020, allowing foreign companies to invest in the telecommunications sector, thereby making it more accessible to private sector investment. As a result, Ethiopia has granted telecom licenses to private companies, including the Safaricom-Led Consortium, for $850 million, ending the state’s monopoly in the sector (Al Jazeera & News Agencies, 2021). Therefore, the move towards telecom deregulation is expected to transform Ethiopia's digital landscape and boost economic growth.

**Independent Regulatory Authority**

While the term regulation has many definitions, I used Ndukwe’s, E. (2005) definition in this instance, which is the creation of an agency in the telecommunications sector with the goal of promoting and overseeing a competitive market while also defending the interests of consumers in compliance with laws. Ethiopia has established the Ethiopian Communications Authority (ECA) as an independent regulatory body to regulate the telecommunications and postal sectors of Ethiopia as per Proclamation No.1148/2019. Its primary objective is to promote the development of high quality, efficient, reliable, and affordable communications services in Ethiopia.

ECA’s main responsibilities include licensing and spectrum management, consumer protection, competition regulation, infrastructure development, policy formulation, and universal access (Proclamation No.1148/2019). It issues licenses to operators, ensures compliance with regulations, protects consumer rights, promotes healthy competition, encourages investment in communication infrastructure, and formulates policies to guide the sector’s growth and technological advancements (Proclamation No.1148/2019).

### c. Navigating External Oversight: International Financial Institutions' Conditionalities and Ethio-Telecom Reform

Contemporary economic globalization is characterized by liberalization, deregulation, and privatization policies aimed at integrating national economies into the global marketplace (Kapur, R., 2023). These policies are often promoted by IFIs as part of SAPs (Faundez, J & Tan, C. (eds.), 2010). IFIs provide financial assistance to countries undergoing economic reforms but often attach conditionalities to ensure policy coherence and sustainability. Typically, it sets conditionalities as part of their lending arrangements to ensure that borrower countries implement necessary reforms to address economic vulnerabilities and improve their policy frameworks. These conditionalities can be either *ex post*, imposed after the disbursement of funds, or *ex ante*, required before accessing financial assistance (Faundez, J & Tan, C. (eds.), 2010).

*Ex post* conditionalities are conditions imposed by IFIs after the disbursement of funds or financial assistance (Faundez, J & Tan, C. (eds.), 2010). These conditionalities are often tied to the achievement of specific policy targets or milestones. Conversely, *ex ante* conditionalities are conditions that must be met by borrower countries before accessing financial assistance from IFIs (Faundez, J & Tan, C.(eds.), 2010). These conditionalities are often specified in policy documents or agreements negotiated between the borrower and the lender.

As part of the HGER, the Ethiopian government embarked on a process of liberalization, privatization, and regulation of key economic sectors, including telecommunications. In doing so, it has been seeking IFIs support to implement telecom reforms under its HGER program agenda (IMF News, 2019). As a result of this, IFIs provided technical assistance, expertise, and financial support to aid in the restructuring of Ethiopia's telecom sector (IMF News, 2022). These external entities often came with their own intentions and conditionalities, which included promoting competition, enhancing regulatory frameworks, fostering innovation, and ensuring transparency in the sector. Chiefly, before Ethiopia can access IFIs support (financial assistance and loans) for the implementation of telecommunications reforms under its HGER program agenda, certain conditionalities may need to be fulfilled.

In the first place, IFIs may set *ex ante* conditionalities related to regulatory framework improvements, privatizing state-owned telecom companies, market liberalization measures, infrastructure development, reducing barriers to entry, tariff reforms, universal access, governance improvements, and other key areas essential for enhancing the efficiency and competitiveness of the telecom sector. In contrast, IFIs may set *ex post* conditionalities that include requirements for transparency in decision-making processes, regular reporting on reform progress, compliance with inter-national standards, and effective governance mechanisms to prevent corruption and mismanagement only under certain circumstances.

Significantly, Ethio-Telecom is experiencing rapid growth, with government investments in infrastructure and regulatory reforms in recent years. Though privatization, liberalization, and regulation have advanced in Ethiopia, the country might spur more competition and innovation by opening up its telecom sector (Dione, O., 2021).

In my view, the Ethiopian government should navigate external oversight and conditionalities imposed by IFIs in shaping its telecommunications reform. This involves aligning reform initiatives with Ethiopia's economic goals, engaging in dialogue with IFIs, implementing reforms in a phased manner, customizing them to the local context, engaging with stakeholders, investing in capacity building and strengthening, and safeguarding national sovereignty. By adopting a collaborative and pragmatic approach, Ethio-Telecom can navigate IFI conditionalities effectively while advancing Ethiopia's HGER agenda and contributing to the sustainable development of the telecommunications sector.

### d. Evaluation of Ethio-Telecom's Reform within the Context of Homegrown Economic Reform

In evaluating the extent to which the HGER agenda is indeed *homegrown* in Ethio-telecom reform, it is essential to consider both internal dynamics and external influences. In the framework for evaluating whether the reform has been *homegrown*, we may ask the following questions: Did the reform originate within the country? Is the reform a result of domestic effort or expertise? Is the reform in keeping with national traditions and cultural values? If the answers to these questions are in the affirmative, it may be deduced that the reform is *homegrown*. Contrary to this, if the conclusion of the HGER program is a result of agenda-setting by an outside actor, it may be said to have been imposed and not *homegrown*. Indeed, if the changes to institutions were a result of structural adjustment, they are likely to have been imposed from the outside and not endogenous.

As I briefly discussed above, it's not totally true, despite what the Ethiopian government says, that the HGERs are domestically developed. Hence, rather than being endogenous, it is viewed in many respects as a replica of the IMF's reform project. The HGER encompasses disastrous SAPs imposed on African countries in the 1980s by IFIs, such as liberalization, deregulation, and privatization. In the Ethiopian telecom sector, which has historically been characterized by state control and limited competition, recent reforms have aimed to liberalize the market, partially privatize it, attract foreign investment, and enhance service quality. This can be evidenced by the fact that the Ethiopian government has made regulatory reforms in such a way as to privatize and liberalize the telecom sector (Proclamation No.1148/2019).

One can argue that Ethiopia is a latecomer to the deregulation, privatization, and liberalization of telecom, driven mostly by the need to satisfy the IFI's prescriptions through its SAPs to borrow loans. Because of the country's high price inflation and increased debt levels, the government might be forced to accept donor conditionalities. If not carried out with great care, policies like market liberalization, deregulation, and fiscal austerity measures might inadvertently harm regional economies and jeopardize Ethiopia's economic sovereignty.

To strike a balance, Ethiopia needs to adopt a comprehensive and inclusive approach to Ethio-Telecom's reform within the HGER framework. This includes engaging with a wide range of stakeholders, including employees, consumers, private investors, and regulatory bodies, to address concerns, gather feedback, and ensure transparency throughout the reform process. Implementing robust regulatory mechanisms, monitoring performance indicators, and evaluating the social and economic impact of the reform are essential steps to safeguard against potential risks and maximize the benefits of the reform for Ethiopia's overall development goals.

## 4. CONCLUSION AND RECOMMENDATIONS

The Ethiopian HGER is a commendable effort to address internal economic challenges and prioritize local ownership and autonomy in shaping development policies. It emphasizes leveraging domestic resources, engaging local stakeholders, and tailoring strategies to Ethiopia's unique context. However, it is crucial to acknowledge the influence of external factors and global economic trends on the reform agenda, specifically Ethio-Telecom. External assistance can provide valuable insights and re-sources, but it can also be perceived as a replication of externally imposed models. To strike a balance, Ethiopian government must balance leveraging external support with maintaining a strong focus on endogenous factors. By combining best practices from global experiences with locally-driven solutions, the reform can create a robust and sustainable economic development framework that reflects Ethiopia's priorities and aspirations. Therefore, a balanced approach that integrates both national interests and global economic trends will be crucial in achieving sustainable and inclusive growth in Ethiopia's telecommunications sector and broader economy.

## REFERENCES

Abitew, F. (2020). Ethiopia: The Case for Partial Privatization of Ethio-Telecom. https://www.theafricareport.com/39864/ethiopia-the-case-for-partial-privatization-of-ethio-telecom/

Agupusi, P. (2012). Homegrown Development Initiatives and Practices in Africa, 7.

Al Jazeera and News Agencies (2021).Ethiopia Awards Telecom Licence to Safaricom-led Consortium.https://www.aljazeera.com/news/2021/5/22/ethiopia-awards-telecom-licence-to-safaricom-led-consortium

Atinafu,L. (2024). Revolutionizing connectivity: The remarkable telecom development in Ethiopia. https://press.et/herald/?p=93205

Baron, D.(2010). The Impact of Telecommunications Services on Doing Business in Ethiopia, Private Sector Development Hub/Addis Ababa Chamber of Commerce and Sectoral Associations, Addis Ababa, Ethiopia.

Bortolotti,B; Juliet D'Souza, Fantini,M; & Megginson,LW. (2002). Privatization and the Sources of Performance Improvement in the Global Telecommunications Industry, Telecommunications Policy, 26 (5).https://doi.org/10.1016/S0308-5961(02)00013-7

Brief Historical Review of Telecom Sector in Ethiopia. https://www.ethiotelecom.et/history/

Datta, A. and Young, J. (2011).Producing Homegrown Solutions: Think Tanks and Knowledge Networks in International Development, Outreach, 35-37.

Dires,M. (2017). Successes and Failures of International Financial Institutions (IFIs) in Exporting Neoliberalism in Africa: The Case of Ethiopia, Master's thesis, Woldia University, Ethioipia.

Dione,O.(2021).Why Ethiopia Needs to Open its Telecom Market. https://blogs.worldbank.org/en/africacan/why-ethiopia-needs-open-its-telecom-market

Easterly, W. R. (2006).The white man's burden: why the West's efforts to aid the rest have done so much ill and so little good Penguin, Journal of International Economic Law, Volume 10, Issue 4, 1009-1019. https://doi.org/10.1093/jiel/jgm018

Ethiopian Communications Service Proclamation No. 1148/2019 Federal Negarit Gazette No. 82, 12th August, 2019.

Ethiopian Telecommunications Networks Interconnection Directive No. 8/2020.

Faundez,J & Tan,C. (eds.)(2010). International Economic Law, Globalization and Developing Countries, 124.

Feleke, B. (2014). Adoption of Kenyan, Nigerian and Tanzanian Best Practices in Communication Services Provision to Liberalize Telecommunication Sector in Ethiopia, A master's Thesis, Addis Ababa University.

Fikade,B. ( 2019). Interview Economic pragmatist, Economic Pragmatist-The Reporter Ethiopia. https://www.thereporterethiopia.com/9055/

Frempong, G.K. & Aturba, W.H. (2001). Liberalisation of Telecoms: The Ghanaian experience, *Telecommunications Policy*, 25(2).https://doi.org/10.1016/S0308-5961(00)00089-6

Geda, A. (2019). Ethiopia's Homegrown Reform: Wrong Diagnosis May Make it a Wish List.https://addisfortune.news/ethiopias-homegrown-reform-wrong-diagnosis-may-make-it-a-wish-list/

Ghenna, K. (2019).Privatization of Ethio-Telecom not in the interest of Ethiopia: "Why play with fire?" https://borkena.com/2019/08/10/privatization-ethio-telecom-is-against-the-interest-of-ethiopia-why-play-with-fire-writes-kebour-ghenna-desta/

Ify,I.P. (2017). Privatization in Nigeria: A Re-Examination, *International Journal of Humanities and Social Science Invention*, Volume 6, Issue 9, 19-30.

Ikpe, E. H., & Idiong, N. S. (2011). Liberalizing Telecommunication in Nigeria: Argument for a Democratic Model, *Journal of social Sciences*, 26 (3), 211-216.

International Monetary Fund (IMF) News (2019). Six Things to Know about Ethiopia's New Program.https://www.imf.org/en/News/Articles/2019/12/23/na122319-six-things-to-know-about-ethiopias-new-program

International Monetary Fund (IMF) Staff Country Reports (2020). The Federal Democratic Republic Of Ethiopia: 2019 Article IV Consultation and Requests for Three-Year Arrangement under the Extended Credit Facility and an Arrangement under the Extended Fund Facility—Press Release and Staff Report. https://doi.org/10.5089/9781513528137.002

International Monetary Fund (IMF)News (2022). PPP Project Briefs, Ethiopia: Telecom Liberalization.https://www.ifc.org/content/dam/ifc/doc/2022/2022-ethiopia-telecom-ppp-brief.pdf

Kapur, R. (2023). New Economic Policies-Liberalization, Privatization and Globalization, 1-14.

Lemu, A. A. (2019). Where is Home for Ethiopia's *Homegrown* Economic Reform Program? https://www.aigaforum.com/Archive/ArchiveDec2019-4.htm

Mihretu, M.(2020). Ethiopia's Homegrown Economic Reform Plan. https://www.graduateinstitute.ch/communications/events/ethiopias-homegrown-economic-reform-plan

Morgan, J., Lambe, W., & Freyer, A. (2009).Homegrown Responses to Economic Uncertainty in Rural America: Rural Realities 3(2), 1-15.

Ndukwe, E. (2005). Telecom Liberalization in Nigeria: Opening-up the Market & Sector Reform: a paper presented at SATCOM.

Njenga, N & Phiri,T.K. (2021). Ethio-Spotlight; Issue 6: The Telecoms Landscape in Ethiopia. https://www.policyfellowship.org/wpcms/wp-content/uploads/2021/07/ETHIOSPOTLIGHT-ISSUE-6-TELECOMS-LANDSCAPE.pdf

New Business Ethiopia (2021). Liberalizing Telecom in Ethiopia positively impacts all economy, PM, says. https://newbusinessethiopia.com/economy/liberalizing-telecom-in-ethiopia-positively-impacts-all-economy-pm-says/

Oyejide, A. & Bankole, A. (2001). Liberalisation of the Services Sector in Nigeria: Implications of Unilateral and Multilateral Approaches, A Paper Presented at the African Economic Research Consortium on Services Sector Liberalization in Nigeria.

Proclamation No. 49/1996: A Proclamation to Provide for the Regulation of Telecommunications', Federal Negarit Gazeta, 3rd year, No. 5. Addis Ababa: Ethiopia.

Proclamation No.116/1998, A Proclamation to Amend the Investment Proclamation No. 57/1996', Federal Negarit Gazeta, 4th year, No. 42. Addis Ababa: Ethiopia.

Rahman, M.M.(2012). The 'Guided Ownership' Revisited: An Agenda for Independent Policy Making in Bangladesh' 4(5) Journal of Public Administration and Policy Research.

Stiglitz, J.E. (1998). Towards A New Paradigm for Development, United Nations Conference on Trade and Development 9th Raúl Prebisch Lecture, 4. https://unctad.org/system/files/official-document/prebisch9th.en.pdf

Telecom Review Africa.com (08 April, 2021). Liberalization of telecoms in Ethiopia: The dawn of a new era. https://www.telecomreviewafrica.com/en/articles/exclusive-interviews/2240-liberalization-of-telecoms-in-ethiopia

Tewodros, W. W.(2014). The Politics of Telecommunications and Development in Ethiopia, a PhD Dissertation University of Oregon, 148.

Wazza, M.T. ( 2022).Ten Years Development Plan of Ethiopia (2021-2030): A Critical Review, 3- 8.