

A perspective of human development theory and its applications in Ethiopia: A systematic review

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ABSTRACT

The pre-existing, profit-driven theories of international development gave rise to the movement for human-centered development. In this review, an extensive analysis of Ethiopian perspectives on the theory of human development and its implementation there was carried out for the first time. There has not previously been a review of the theories, techniques, and practices related to Ethiopian human development. The goal of this review was to examine Ethiopian human development concepts, theories, techniques, and practices in order to make recommendations on how to enhance both the current situation of human development and its potential applications in Ethiopia. Ethiopia therefore had a lower human development index (HDI) than sub-Saharan African nations and those with low HDI. When compared to other emerging nations, it also has lower averages for predicted school years, mean school years, and birth weight. Also, on average, its gross national product per person is lower. Except for pension programs for government and military employees, there is no comprehensive, publicly funded welfare system. Most people run the risk of going hungry because they do not have access to enough food to survive. The government will therefore be urged to adopt policies that will increase society's output and productivity, as well as to implement human-centered development projects, a capability-based approach to development, a strategy for improving sustainable livelihoods, and stable environmental management.

Keywords: capability, welfare, development, poverty, income

INTRODUCTION

In public discourse and policy circles over the past 20 years, the idea of human progress has received varying degrees of legitimacy, perception, and clarity. United Nations Development Program (UNDP), in its 1990 publication of the human development report (HDR), aimed to present the human development perspective (UNDP, 2015). The idea of human development became more popular in the 1990s as an alternative to the widely held income-based theories of international development. The capability technique was created by Sen (1988), and UNDP used it for its HDRs (UNDP, 2015). In order to promote people's freedom, potential, and wellbeing, the human development paradigm placed a strong emphasis on development. Sen (1988) claimed that the human development approach (HDA) specifically aimed to achieve three things: make people the ends and not the means of development; refocus attention on what people can be or do rather than what they can produce; and ensure that development policies are intended to improve people's quality of life, including their health, security, and overall flourishing.

Food and Agriculture Organization of the United Nations (FOA), on the other hand, suggests a collection of inclusive developmental goals that guarantee people have the power to make decisions, the capacity to achieve their goals, and the capacity to lead satisfying lives. Human development index (HDI), which considers wealth, health, and education levels, is typically used to gauge human development. Some academics, however, lack a solid understanding of human development and instead place a greater emphasis on "human capital," which refers to how a person's talents may lead to financial rewards in the market as opposed to their total wellbeing and empowerment (Sen, 1997). Human development endeavors to expand people's possibilities and emphasize their prosperity rather than merely their financial well-being in light of this (UNDP, 2015). Work also allows people to express their potential, creativity, and spirit.

UNDP on human development study emphasizes a broad definition of labor, acknowledging that volunteer work and creative endeavors go beyond conventional jobs (UNDP, 2015). It focuses on both paid and unpaid labor as well as sustainable employment and analyzes the relationship between work and human development. In addition, it was predicted that there

will be 7.3 billion individuals on the world, including 1.9 billion children, 4.8 billion adults, and 582 million seniors (UNDP, 2015). The estimated 7.3 billion people in the world have employment that pay a salary, while the other 3.2 billion are either caring for others, involved in the arts, volunteer work, other occupations, or are pursuing education to get a job in the future (ibid). Because of this, the workplace is evolving swiftly, and those significant hurdles to human development will eventually persist (UNDP, 2015).

DISCOURSE ON HUMAN DEVELOPMENT THEORY

Programs for industrialization and modernization came under fire in the 1950s and 1960s for promoting multiple economies that maintained high-productivity industries apart from the rest of the country without affecting it. From the 1950s through the 1970s, development plans condemned the disregard for environmental and gender issues and placed an emphasis on public investments as a method of government action to encourage economic and social transformation. According to Fasbender (1982), the primary development goals should focus on addressing people's basic needs, including shelter, access to clean water, nutrition, and primary education (Sakiko, 2011).

Conventional wisdom has been attacked by Haq (1995) for being overly focused on obtaining economic growth as the primary goal and neglecting the "true purpose of development," which is to improve people's standards of living. Capacity and HDA (HDCA), in contrast to traditional growth-centered approaches, places more emphasis on the intrinsic value than the practical benefit of development goals like education, health, employment, and involvement. HDCA also includes a larger range of goals, such as security, cultural freedom, and political freedom. Its strategic pillars are human empowerment, democratic governance, social programs that help the poor, and pro-poor economic development (UNDP, 2010). Important policy components of HDCA approach include growth-oriented tactics like neoliberal policies (Jolly 1998).

THEORETICAL SCHOOL OF HUMAN DEVELOPMENT

New ideas on social wellbeing have been introduced to the world by current philosophers Rawls, Sen, and Nussbaum. Sen's capabilities approach to human welfare and his theoretical welfare economics are examined, along with the preceding ideas.

Materialist, Marginalist, and Cardinalist Revolution

The marginalist welfare school's primary concern was meeting people's physical needs (Ackerman, 1997; Cooter & Rappoport, 1984). Beginning in the 1870s, these concepts were advanced by William Stanley Jevons, Carl Menger, Leon Walras, and Alfred Marshall (Ackerman, 1997; Cooter & Rappoport, 1984). Marshall (1890), one of the Marginalists, is most known for endorsing the notion of satiable desires. While

Adam Smith was employed by macroeconomists in the later 20th century to evaluate issues concerning restricted maximizing or allocating resources under the assumption of fixed resources, David Ricardo and Karl Marx focused heavily on class distribution (Ackerman, 1997; Stanton, 2007).

Ordinalist Revolution

British economist Lionel Robbins criticized the marginalist welfare school in 1932 for putting usefulness value (such as bread) ahead of ophelimity utility (e.g., opera tickets). Contrary to material needs, ophelimity cannot be averaged out or compared across individuals or groups of individuals. The adoption of neo-classical economics and the so-called "ordinalist revolution" in economics were the results of Robbins' success in rejecting cardinal evaluations of utility (Cooter & Rappoport, 1984; Robbins, 1932). Robbins (1932, p. 137-141) made a point of debunking this assertion. According to the law of diminishing marginal utility, when one has more of something, they value getting more of it less. A person will therefore value new income units less as their real income increases. As a result, the marginal utility of a rich man's income is lower than that of a poor man. The arguments considered presuppose that the law of diminishing marginal utility is incorrect (Stanton, 2007).

Little (1955, p. 11-14) expanded on Robbins' (1932) critique when he asserted that individual satisfactions cannot be averaged, that satisfaction is never the same across persons, and that welfare economics up to that point had only been normative. In recent years, the notion of "pareto optimality" has supplanted the utilitarian definition of social welfare in welfare economics. According to the pareto optimality idea, utility still determines an individual's well-being, but social welfare is determined by whether or not pareto optimality exists (a situation in which no one can be made better off without making someone else worse off). Only when resources go unused or are wasted do there exist real opportunities for "pareto improvements" in which one person benefits and everyone else does not. Sen (1987, p. 33-34) claims that because Pareto optimality is the primary criterion for evaluation and self-seeking conduct is the only basis for economic decision-making, the welfare economics field has become very restricted in its ability to make meaningful statements.

Humanist Revolution

Philosopher John Rawls claimed in a theory of justice (Rawls, 1971) that access to "social fundamental goods," or those that reasonable people need or want, is what makes a person happy. Although the idea is similar to utility, aggregating social happiness across individuals was a novel approach. Each person has an equal right to a fully adequate scheme of equal basic rights that is compatible with a matching scheme of liberties for others. These are the two guiding principles of Rawls' (1971) notion of justice (Sen, 1992). "Social and economic differences are to satisfy two requirements," states Rawls' (1971) second tenet, "first, they must be related to offices and posts open to everyone under fair equality of opportunity, and second, they must be to the greatest benefit of the least advantaged members of society" (Rawls, 1971; Sen, 1992; Stanton, 2007).

The “capabilities” approach to human well-being, which is founded on Rawlsian philosophy, was created by Sen and Nussbaum and is shared with them (Pattanaik, 1994). Sen and Nussbaum, like Aristotle, placed more emphasis on what humans could accomplish than what they already had. Sen and Nussbaum were able to distinguish between “objectives” (as opposed to “well-being or freedom”) and “capabilities” (as opposed to “utilities”) by shifting the conversations focus (Crocker, 2008; Stanton, 2007). In her list of ten abilities from 2000, Martha Nussbaum listed “life,” “bodily health,” “bodily integrity,” “senses, thought, and emotion,” “emotions,” “practical reason,” “affiliation,” “other species,” “play,” and “environmental control” (ibid).

Sen and Nussbaum’s work emphasizes the significance of human agency as both a path to other significant talents or freedoms and as a goal in and of itself. The capabilities approach is the name given to this social welfare strategy. In their critique of theoretical neo-classical welfare economics, Sen and Nussbaum go beyond claiming that per capita income and cost-benefit analysis (CBA) are inadequate indicators of social welfare and instead raise concerns about the validity of pareto optimality as a foundation for moral judgments. HDI, developed by UNDP as a correlate to this new theoretical welfare economics, is an attempt to expand on the ideals of the humanism revolution. The humanistic revolution resulted in HDI, much as the ordinalist revolution led to GDP per capita and the CBA (Stanton, 2007).

Criticisms of Notion of Human Development

Welfare perspectives

Aristotle laid the foundation for comprehending human well-being in Western thinking, describing it as the condition in which a happy man lives and works well since we have practically defined happiness as a form of good life and good action (Aristotle, 350 B.C.E.). The medieval idea that heavenly rewards and punishments determine our happiness on earth, Calvinist predestination, and finally, scientific aestheticism of the Renaissance, which persisted until the emergence of utilitarian philosophy in the 18th century, were all ideas about happiness that originated from this Aristotelian idea of happiness (Segal, 1991; Stanton, 2007).

Bentham’s (1789) utilitarian philosophy states that “utility” is the ultimate goal of human behavior. It is commonly believed that both pleasure and suffering are what drive human activity. The concept of social welfare was intended to be both egalitarian and individualistic because each person’s utility was equal and they were free to choose how content they were with their lives (Ackerman, 1997; Stanton, 2007). Sen (2005) cites utilitarianism’s steadfast resistance to a variety of viewpoints as a defining quality. Sen believes Benthamite utilitarianism was an attempt to rid the intellectual community of any significant rivals to utility. When John Stuart Mill’s theories gained popularity in the early 19th century, utilitarianism declined. In contrast, Bentham’s philosophy recognized the significance of social influences on individual attitudes, allowed a hierarchy of distinct kinds or sorts of enjoyment, and acknowledged that people are not always the best judges of their own interests (Ackerman, 1997).

Social well-being perspective

Jean Drèze and Sen claim that development economics began to evolve after World War II. Since more than 50 years ago, national income, which is usually expressed as per capita gross national product (GNP) or per capita gross domestic product (GDP), has been the most widely used metric of overall human well-being (GDP). A long-standing objection to using national income as a measure of social progress comes from people outside of the economics community (Sanchez-Martinez, 2012).

Measures of national revenue include the total value of products and services exchanged on a country’s markets over the course of a certain year. Simon Kuznets, a Nobel Prize winner who started working on the United States’ income accounting in 1932, was one of the key pioneers of national income accounting. Milton Gilbert, a student of Kuznets, provided the first explanation of the specific category of national income accounting known as “GNP” in 1947 (Waring, 1990). The total consumer, investment, and government expenditure of all citizens of a nation, whether or not they are physically present there, is known as GNP. Since the 1990s, GDP has taken the position of GNP as the most popular indicator of national income. GDP represents all domestic spending on government, corporate, and consumer products as well as exports less imports (BOP), regardless of the nationality of the investors or customers (Ackerman, 1997, p. 347; Stanton, 2007).

Human Development Approach

HDA, a division of UNDP under the direction of Haq, Sen, and their associates, has played a significant role in the movement away from a focus that is primarily on economic output and economic growth. GDP monitors commercialized activities as opposed to assessing how well people are doing (Gasper, 2007). According to HDA, which highlights the lack of a positive relationship between levels of monetized activity and levels of well-being, there are a variety of other elements that determine well-being and there are frequently weak, unreliable, or perverse ties to well-being from economic growth (ibid). Gasper (2007) asserts that the 1940s and 1960s saw the establishment of national development strategies and international development cooperation. Market-based allocation and valuation principles were relied upon more frequently in the 1970s-1980s, market-based organizational principles were more frequently relied upon in the 1980s-1990s, and the “social development” conflict (sustainable) livelihoods approach was more frequently relied upon in the mid-1990s (Table 1).

Development Policy Discourse

The advocates of the human development concept contend that the scope of valued freedoms determines what “development” means. Typical examples of these freedoms include mobility, community membership and engagement, freedom from fear, the ability to make decisions, and others (Gasper, 2007). The convention on the rights of the child (CRC) and the human rights conventions, particularly those on economic, social, and cultural rights, as well as the work on the right to development, which started in the 1970s and has advanced through a UN General Assembly declaration in 1986

Table 1. Initiation period of development issues (Gasper, 2007)

Date	Development	Intersection	Human needs	Human rights	Development issues
1940s-60s	Emergence of national development plans & international development cooperation	Industrialization, modernization, & public investment focus on economic growth	Humanistic psychology, national social welfare schemes, & growth of international humanitarianism	1948 Universal Declaration of Human Rights 1966 human rights conventions	Origins of development studies
1970s-80s	Growing reliance on market principles of valuation & allocation	Development ethics & basic needs approach	Needs analysis of conflict & human security type framework	-	Growth of attention to women, employment, environment, & culture
1980s-90s	Growing reliance on market principles of organization capability approach	'Human scale development', adjustment with a human face', & human development	Max-Neef's theory of needs, Bray Brooke's & Doyal & Gough's theories of need	Conventions on women & children	Increasing assertion of property rights
Mid-1990s	'Social development' & conflict (sustainable) livelihoods approach	Centrality of health asserted human security & international development targets	Well-being & ill-being research: Self-determination theory	Growing emphasis on duties to protect & promote as well as not to violate human rights	Intellectual property rights, TRIPs capabilities approach (Nussbaum, 2003)
Trends in 2000s	-	MDGs human security language connects to rights	Work on(un)-sustainable consumption	Rights-based global order	-

Table 2. A comparison of human development (HD) and human security (HS) approaches (ibid.)

HD	HS
Broader scope of goals than GNP [1]	A normative focus on individuals' lives [D]
Concentrate on logical freedoms [2]	Concentrate on logical freedoms [A]
A language that is more broad-based & focused on economics [7]	Concentrating on necessities [B]
Serious concern for equity but without guarantees for individuals [5]	A commitment to universal basic rights [E] & a desire for both stability & levels [C]
Integrated thinking [3]	Nexus between freedoms from want & indignity & freedom from fear [F]
Feeling connected [4]	Joined-up sentiment (cosmopolitan concern) [G]
Rather than being created, motivational base is presumptive [5]	[D], [B], & [E] stronger motivational basis, mobilizing attention & concern, & sustaining [G]

to a new wave of work since the late 1990s, have been the main efforts to integrate ethics into development policy discourse in recent decades. Another component of this development theory was the mid- to late-1990s emergence of rights-based approaches to development. Primarily throughout the 1970s and 1980s, basic (human) needs were met. From the late 1980s on, the successor capability approach (Sen), HDA (Haq), and capabilities approach (Nussbaum, 2003), as well as the perspective of human security (HS) from the middle of the 1990s, were started to measure HDI.

Haq's idea of HS, which was first presented in HDRs of 1993 and 1994, aims to humanize the approach to security. He distinguished between the security of nations and the security of individuals. "Security of person" refers to a person's capacity to hold and safeguard essential items as well as their physical safety, which is a broader definition (ibid). In addition, Robens (1972) asserts that securing the fundamentals of health, safety, and education constitutes HS. For Haq and Sen, the conversation on HS encompasses more than one idea. Concerns about fundamental requirements, human growth, and human rights are synthesized.

As seen in **Table 2**, [A] emphasizes the broader spectrum of issues within the sphere of reasoned liberties, [B] on fundamental human necessities, and [C] on stability. HS discourse does, however, also include [D] a normative focus on individual lives, [E] an emphasis on fundamental rights for

everyone, and [F] a stress on the connection between freedom from want and indignity and freedom from fear (Gasper, 2007). According to Haq and Sen, the discussion of HS encompasses a broader idea that brings together worries about fundamental requirements, human growth, and human rights.

Human rights perspectives offer a stronger driving force and higher safeguards for individuals than HAD (**Table 3**). They offer both intrinsic and practical reasons for rights because of their roots in the natural rights theory (Gready & Ensor, 2005). However, due to its origins in basic needs theory, HDA, encompassing entitlements and capability analysis, has offered a framework for the joined-up thinking that rights approaches require, as well as increased willingness and facility to grapple with the frequent inevitability of tradeoffs (Gasper, 2007). The issue reappears if basic necessities are overly broadly interpreted as absolute rights that are necessary and indivisible (Gasper, 2007).

THEORETICAL FRAMEWORK

Human development has long been a topic of interest; in fact, the early proponents of quantitative economics, such as Petty, King, Quesnay, Lavoisier, and Lagrange, as well as the founders of political economy, expressly addressed this problem in their writings (such as Smith, Ricardo, Malthus,

Table 3. Conceptual analysis of HRA, HAD, & HAS (ibid.)

Human rights approach (HRA)	Human development approach (HDA)	Human security approach (HSA)
I. An even greater emphasis on individual than in HDA	1. More varied goals than GNP, undergirded by concern for people's lives	[A] Put a priority on logical liberties [B] Emphasizing basic requirements [C] An interest in levels & stability
II. An even greater emphasis on individual than in HDA	2. Emphasis on rational freedoms	[D] Increased attention to norms that affect how people live [E] For everyone, fundamental rights
III. Stronger assurance: protection for vulnerable	3. Integrated thinking	B, D, & E increasing the basis for motivation, generating worry, & maintaining
IV. Stronger assurance: explicit rights & duties	4. A global concern known as "joined-up emotion"	[F] Freedom from fear
V. Significantly developed organizational & institutional infrastructure		[G] Joined-up feeling & freedom from want & indignity nexus
VI. Capable of redirecting our focus to policy analysis		

Marx, and Mill). Regarding how economic research and policy should emphasize the requirements of human development, little has changed in this regard. The technique rescues an ancient and well-established legacy rather than importing or implanting a new distraction (Anand & Sen, 2000). The emphasis on human development, which started in the middle of the 1980s and was motivated by Sen and Haq's work, attracted a lot of theoretical attention, particularly to the two-way relationship between growth as a necessary engine and human development as the ultimate goal (Ranis, 2004).

Haq is described by Sen as "the forward-thinking leader of HDA" (Sen, 2004). According to Sen (2004), a major theoretical framework in welfare and development economics, "the human development strategy intended to find room for all these issues" under Haq's direction. Sen's capacity approach. He contends that a person has a wide range of functional options at their disposal and that life may be viewed as a series of "beings and doings," also referred to as "functioning" or "capabilities." He encapsulates or epitomizes the notion that growth can broaden people's talents and, in turn, extend their freedoms to live fulfilling lives in the title of his well-known book, "Development as Freedom."

A Review on Perspectives of Human Development Theory

Over the past 20 years, the validity, perception, and correctness of HDI as a measure of human development have been hotly contested in the public sphere and among policy experts. UNDP published its first HDR in 1990 to further define the human development perspective. 100 different countries were anticipated to produce reports that served as lobbying tools for improving population quality of life in addition to the annual global report (UNDP, 2015). The study takes a people-centered approach based on knowledge of people's lives in the areas of health, education, nutrition, employment, political liberties, security, and a variety of other areas (UNDP, 2013).

United Nations Research Institute for Social Development (UNRISD), one of these institutions, was among the first to conduct research on the quality of living index (Stanton, 2007). In 1966, UNRISD released a "quality of living index" that was divided into sections for fundamental requirements (food, shelter, and health), cultural needs (education, recreation, and security), and higher needs (measured as income above a threshold). Nine social and economic factors were included in a second UNRISD study dubbed "development index," which was published in 1972 (Hicks & Streeten, 1979). Six social characteristics were used by Organization for Economic Cooperation and Development (OECD) to create a "predicted

GNP per capita index" for 82 developing nations in a report published in 1973 (Hicks & Streeten, 1979; Stanton, 2007). In order to rank 140 nations in 1975, United Nations Economic and Social Council integrated seven indicators: five economic (energy, manufacturing percent of GDP, manufacturing share of exports, employment outside of agriculture, and number of telephones) and two social (literacy and life expectancy).

Morris (1979) created physical quality of life index (PQLI) in 1979 for Overseas Development Council in order to determine whether the world's poorest people were receiving a minimum set of human essentials (Stanton, 2007). PQLI averaged the three variables after including newborn mortality, one-year life expectancy, and basic literacy. Morris (1979, p. 49) claims that the extremes that "define each index" "impact the ranking of countries on that individual index as well as on the composite index." According to Slottje (1991), who conducted research on 130 nations using the capabilities approach before the HDR was released in 1990, Morris' (1979) three components were insufficient to correctly depict the quality of life for Elizabeth A. Stanton, who was born in 2007. He put together a composite of 20 indicators (Stanton, 2007).

Haq's "human development" initiative of the UNDP aimed to build a new paradigm of well-being and establish well-being assessments based on that idea. It basically involves the capabilities approach to advancing human welfare (Stanton, 2007). According to the first HDR (UNDP, 2010), there are two main reasons why development techniques have hid their goals: First off, the mix of income or the true recipients are not disclosed by national income statistics. Second, people often respect accomplishments even if they do not directly or completely result in better measurable income or growth figures. A few examples include increased access to education, risk-free employment, better working conditions, protection from crime and bodily harm, pleasurable leisure time, and a sense of involvement in the political, cultural, and economic life of their communities. Of course, people also desire the opportunity to earn bigger wages. Money, however, is not the only thing that matters in life. The process of human development includes expanding people's options. Its three major goals are knowledge, a long and healthy life, and "access to resources needed for a good quality of living" (UNDP, 2010). Therefore, HDI is preferred to rank global human development.

Human Development Index Criticism

HDRs in general were criticized by Srinivasan (1994) as being inaccurate and unreliable. Poor data, poor indicator

Table 4. Human development reports 1990-2015 (UNDP, 2015)

Year	Report
1990	Concepts and measurement of human development
1991	Financing human development
1992	Global dimension of human development
1993	People's participation
1994	New dimension of human security
1995	Gender and human development
1996	Economic growth and human development
1997	Human development to eradicate poverty
1998	Consumption for human development
1999	Globalization with human face
2000	Human rights and human development
2001	Making new technologies work for human development
2002	Deepening democracy in a fragmented world
2003	Millennium development goals: A compact among nations to end poverty
2004	Cultural liberty in today's diverse world
2005	International cooperation at crossroads: Aid, trade, security in unequal world
2006	Beyond scarcity: Power, poverty and the global water crisis
2007/08	Fighting climate change: Human solidarity in the divided world
2009	Overcoming barriers: Human mobility and development
2010	The real wealth of the nations: Pathways to human development
2011	Sustainability and equity: A better future for all
2013	The rise of the south: Human progress in the diverse world
2014	Sustaining human progress: Reducing vulnerability and building resilience
2015	Work for human development

Table 5. Trends of HDI component indices 1980-2014 for Ethiopia (UNDP, 2013, 2015)

Year	Life expectancy at birth	Expected schooling year	Mean year of schooling	GNI per capita (2005 & 2011 PPP\$)	HDI value
1980	43.9	2.4	-	-	-
1985	44.5	3.2	-	503	-
1990	47.1	3.5	-	540	-
1995	49.3	2.6	-	479	-
2000	51.7	4.4	1.5	519	0.275
2005	55.2	6.7	1.5	630	0.316
2010	58.7	8.7	2.2	928	0.387
2011	59.3	8.7	2.2	974	0.392
2012	59.7	8.7	2.2	1,017	0.396
2013	62.2	9.4	2.6	1,288.5	0.396
2014	64.1	8.5	2.4	1,428	0.442

selection, numerous issues with the HDI method in general, inaccurate income specification in particular, and duplication are the five primary categories that the objections and potential alternatives fall under.

Human Development Perspectives and Their Measurement in Ethiopia

Climate change, youth employment, and gender or racial disparities are only a few of the important development challenges that have been addressed in HDRs. Now, let's look at the many themes (Table 4).

From 0.275 in 2005 to 0.442 in 2014, Ethiopia's HDI score has only marginally increased over the past ten years. Human development as measured by the HDI has, in fact, lagged behind even while investments in healthcare and education have risen. The nation came in the 174th place overall out of 188 nations in 2014. 14 nations, including the Gambia, Congo, Liberia, Guinea-Bissau, Mali, Mozambique, Sierra Leone, Guinea, Burkina Faso, Burundi, Chad, Eritrea, the Central African Republic, and Niger, have HDI scores between 175th and 188th. In addition, estimates for the percentage of the

people living in poverty ranged from 39% in 2012 to 29% in 2014 (Stiftung, 2016).

The improvement in Ethiopia's life expectancy at birth from 43.9 years in 1980 to 64.1 years in 2014 can be seen in each of the HDI metrics between 1980 and 2014. Between 1985 and 2014, Ethiopia's GNP per capita went from \$503 to \$1428, demonstrating a rise in GNP per capita as determined by PPP in 2011 (ibid) (Table 5).

With a 2012 HDI score of 0.396, Ethiopia falls into the poor human development category and is ranked 173rd out of 187 nations and territories. Ethiopia's HDI value increased by 44%, or around 3.1% year on average, between 2000 and 2012, going from 0.275 to 0.396. According to the UNDP's 2015 HDR, Ethiopia's HDI for girls and males in 2014 was 0.403 and 0.479, respectively. Based on PPP dollars in 2011, the predicted GNP per capita for males and females is \$1,090 and \$1,765, respectively, for the year 2014. Based on information available in 2012 and calculations made in 2012, Ethiopia's HDI for 2011 was ranked 172 out of 187 nations. Out of 187 nations, Ethiopia came in at position 174 in the 2011 HDR.

Table 6. Human development indicators in 2014 (HDR, 2015)

Human development group	HDI value	Life expectancy at birth	Expected schooling year	Mean year of schooling	GNI per capita (2011 PPP\$)
Very high HDI	0.896	80.5	16.4	11.8	41,584
High HDI	0.744	75.1	13.6	8.2	13,961
Medium HDI	0.630	68.6	11.8	6.2	6,353
Low HDI	0.505	60.6	9.0	4.5	3,095
Ethiopia	0.442	64.1	8.5	2.4	1,428
Developing countries	0.660	69.8	11.8	6.2	6,353
Sub-Saharan countries	0.518	58.5	9.6	5.2	3,363
World	0.711	71.5	12.2	7.9	14,301

Table 7. Human development index trends, 1990-2014 (HDR, 2015)

Human development group	1990	2000	2010	2011	2012	2013	2014
Very high HDI	0.801	0.851	0.887	0.890	0.893	0.895	0.896
High HDI	0.592	0.642	0.723	0.730	0.737	0.741	0.744
Medium HDI	0.473	0.537	0.611	0.619	0.623	0.627	0.630
Low HDI	0.368	0.404	0.487	0.492	0.497	0.502	0.507
Ethiopia	0.513	0.568	0.642	0.649	0.654	0.658	0.660
Developing countries	-	0.284	0.412	0.423	0.429	0.436	0.442
Sub-Saharan countries	0.400	0.422	0.499	0.505	0.510	0.514	0.518
World	0.597	0.641	0.697	0.703	0.707	0.709	0.711

Table 8. Average annual HDI growth (%) (HDR, 2015)

Human development group	1990-2000	2000-2010	2010-2014	1990-2014
Very high HDI	0.61	0.42	0.26	0.47
High HDI	0.81	1.20	0.71	0.96
Medium HDI	1.28	1.29	0.78	1.20
Low HDI	0.92	1.90	0.92	1.32
Ethiopia	1.02	1.23	0.70	1.06
Developing countries	-	3.78	1.78	-
Sub-Saharan countries	0.54	1.68	0.94	1.08
World	0.71	0.85	0.47	0.73

Ethiopia's advancement in each HDI measure is summarized in **Table 6**. The average number of years spent in school increased by 0.7 years between 1980 and 2012, whereas the predicted number of years spent in school increased by 6.3 years. Ethiopia's life expectancy at birth increased by 15.8 years during this time. Over the period of 1985 to 2012, Ethiopia's GNI per capita climbed by almost 102%.

According to **Table 7**, Ethiopia's HDI value in 2014 was lower than that of sub-Saharan African and low HDI countries. Additionally, Ethiopia's 2014 GNI per capita, projected years of schooling, mean years of schooling, and life expectancy at birth are all below the norm for poor nations. Ethiopia performed better in 2014 than the average low HDI of human development groups.

HDI for Ethiopia in 2012 was 0.396. HDI drops to 0.269, a loss of 31.9% due to inequality in the distribution of the dimension indices, when the value is discounted for inequality. Losses as a result of inequality are 33.9% and 33.6%, respectively, in Rwanda and Uganda. Inequality causes an average loss of 33.5% in low HDI nations, and 35% in Sub-Saharan Africa (**Table 8**).

Welfare Regime in Ethiopia

Except for pension funds for civil officials and military personnel, Ethiopia does not have a comprehensive, publicly funded welfare system. 13 million smallholders are among the

bulk of people who could end up in poverty (Stiftung, 2016). There are no social safety nets that are functionally equivalent to formal compensation for social hazards for the urban middle class and smallholders, who make up 80% of the working population. Public health spending as a proportion of GDP climbed from 2.4% in 2004 to 2.8% in 2010 and again to 3.1% in 2013 as a result of the government's recent little rise in health spending in response to the rapid population growth (Stiftung, 2016). From 61.5 years in 2010 to 63.6 years in 2013, the average life expectancy at birth increased (Stiftung, 2016). The administration also implemented a program to create jobs, a social insurance program, and a safety net for urban regions. It's also a terrific beginning for the neighborhood's wellbeing.

According to Stiftung (2016), administration was able to lower inflation from 32.2% in 2011 to 22.8% in 2012 and only 8.1% in 2013. Even though it is too soon to say if this will be a long-term consistent strategy, controlling inflation is currently a crucial aspect of economic policy. But it's fair to say that administration has gone through an impressive learning process as a result of insistent advice from global financial institutions to modify its direction (World Bank, 1992). The government operated under principle of limiting credit to private banks and businesses while simultaneously granting credit to state-owned enterprises. Salaries of lower middle and working classes declined as a result of high inflation rates. In 2013, the government fixed prime lending rate for commercial banks at 14.5% as part of a less risky strategy (Stiftung, 2016).

CONCLUSION

The present global sustainable development goals changed the development strategy from economic-based development to human-centered development. Based on this global paradigm, Ethiopia did badly compared to the average of developing countries in terms of human development indices like expected years of schooling, actual years of schooling, and GNI per capita. It underperformed the low HDI averages of human development groups as well. In comparison to other sub-Saharan African countries and other countries with low HDI ratings, Ethiopia has a lower HDI score. The main exceptions are pension programs for members of the armed services and government employees; otherwise, the country lacks a comprehensive, publicly funded welfare system. Because most people do not have access to enough food to subsist, they are at risk of going hungry. In response to the current population's rapid expansion, the government has increased health spending somewhat.

The government also started a job development program, social insurance, and a safety net for city dwellers. Also, this is a hopeful beginning for the neighborhood's well-being in terms of improving the nation's HDI. The wages of the lower middle and working classes were severely impacted by the high rates of inflation. As a result, the government switched to a less risky tactic and fixed the prime lending rate for commercial banks. As a result, it was recommended that the government put into action a plan to increase HDI using a capabilities approach, human-centered development project implementation, a sustainable livelihood improvement strategy, and stable environment management.

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