

# Review of: "Factors Affecting Economic Crisis in Ethiopia: A Literature Review"

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**Potential competing interests:** No potential competing interests to declare.

Reviewed comments on the manuscript entitled "**Factors Affecting Economic Crisis in Ethiopia: A Literature Review**" submitted to "**Qeios**" for open peer review.

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I have read the draft manuscript carefully and with high interest. As a reviewer, my comments are as follows:

**General comments:** The organization of the manuscript still lacks proper attention. Throughout the manuscript, I noticed a few long complex sentences that give a vague understanding to the general readers. So, authors should pay more attention to the arrangement as well as sentence formation of the manuscript very carefully. Overall, I found the manuscript interesting.

**1. Title:** I recommend the title should be **Factors Affecting Economic Crisis in Ethiopia: A Review**.

**Abstract:** The ~~majority~~ aims of this study of the literature reviews are to investigate factors influencing the economic crisis in Ethiopia, ~~which is~~ a developing country in East Africa. Ethiopia has experienced a range of economic difficulties over the last few decades, such as ~~huge rates of~~ high inflation rate, ~~quickly~~-increasing unemployment, dropping currency value, and ~~restricted~~ limited access to credit. This study looks at both internal and external factors—such as population growth, ~~unstable politics throughout the regions~~ political unrest, ~~enough~~ fragile infrastructure and lack of good governance, and the amount of outstanding external debt— that affect the nation's economy.

~~Var~~ Various academic papers, reports, and articles from institutions, government agencies, and international organizations are examined in this study. This study offers insights and a thorough grasp of the complex factors affecting Ethiopia's economy through the incorporation of prior research on the topic.

Findings from this literature review reveal that political instability, characterized by protests, ethnic tensions, and political transitions, greatly hampers the economic development of Ethiopia. This instability reduces investors' trust, interferes ~~with~~-corporate operations, and deters foreign direct investment. The economic crisis is made worse by ineffective governance, which is characterized by corruption, inefficient bureaucracy, and inadequate execution. Inadequate infrastructure additionally hinders commerce, investment, and production. Examples of this include restricted access to telecommunication, transportation, and electrical networks. Although a potential resource in terms of human capital, rapid population expansion also presents difficulties, such as rising unemployment rates and dwindling funding for healthcare

and education. External causes are a major contributing element to Ethiopia's economic problems as well. ~~The country's main exports, oilseeds, textiles, and coffee, are highly impacted by changes in global commodity prices, which also lead to trade imbalances and unstable revenue streams.~~

# Rewrite the sentence.

Furthermore, the burden of external debt restricts government spending and limits resources for development projects. To overcome these challenges and mitigate the economic crisis, this literature review suggests several policy recommendations. These include improving political stability through transparent governance and inclusive policies, investing in infrastructure development to enhance productivity and competitiveness, and diversifying the economy to reduce reliance on primary commodities.

# Rewrite the abstract carefully.

## 2. Introduction:

~~A crisis can be defined as a period in the dynamics of a system, and it is described as a multitude of difficulties, such as a conflict or tensions, the fact that makes difficult its normal work or functioning and this can lead to powerful pressures toward changing, and "The crisis period represents the stage in which the changes within the system are determined by the actions of a system".~~

# Sentence not clear. So, simplify it to be understandable for the general readers.

# Clarify the novelty of the research.

Macroeconomic factors: Undesirable situations that exist in the macro-economy, largely because one or more of the macroeconomic goals are not satisfactorily attained. The primary problems are unemployment, inflation, foreign exchange shortages, and stagnant growth.

# Use lowercase.

### 2.3. Foreign exchange shortages

Ethiopia has faced significant foreign exchange shortages leading to an imbalance in trade. This situation is often attributed to limited export diversity, low foreign direct investment inflows, and low foreign exchange earnings from primary commodities such as coffee. Ethiopia's foreign currency shortage is exacerbated by ongoing instability. Massive government spending on the war resulted in a foreign exchange reserve outflow of US\$307 million during the 2020/21 fiscal year. The conflict obstructed foreign currency inflow by limiting tourism and foreign direct investment.

### 2.4. Fiscal policy

Fiscal policy is one of those different variables that determine economic growth. According to [7], fiscal policy is defined as the deliberate manipulation of government income and expenditure to achieve economic and social objectives and

sustain the country's growth. According to the description given above, Ethiopia has prioritized social and economic development in its growth strategy.

Looking at the spending side, in 2010/11, a total of 40.5 billion Birr recurrent spending has been effected at the general government level, which constitutes 94% of the budget.

# what does it mean? Clarify?

### 3. Socio-economic Factors

# "Socioeconomic"; This style is now popular. So, adopt it throughout the manuscript.

Corruption Land and land distribution and administration is a sector where corruption is institutionalized, and facilitation payments, as well as bribes, are often demanded from businesses when they deal with land-related issues. Corruption also occurs when businesses obtain permits and licenses due to complicated bureaucracy.

Lack of modern technology and lack of good governance: One of the main reasons why ICT is not developed in Ethiopia is that for decades, it has been considered a luxury by the general population and, most importantly, by high government officials, and heads of private and government organizations.

~~highlight the impact of unpredictable rainfall patterns, soil degradation, and limited access to credit on productivity, farm income, food security and There is a reasonable case to be made that there is an indirect co-integration of shock and agriculture, which tends to deprive the welfare of poor households.~~

#Check it and simplify it.

### 5. Policy Factors

To understand the policy context for adolescent health, psychosocial well-being, and bodily integrity, we reviewed the Strategic Plan for an Integrated and Multi-Sectorial Response to Violence against Women and Children and Child Justice in Ethiopia (hereinafter referred to as 'the Strategic Plan') developed in 2010. ~~The Strategic Plan also provides an opportunity to look at the policy-making process as it unfolds, explaining that the document 'has been developed with a view to the development of a national strategy and action plan for the implementation of the multi-sectorial and integrated response' to violence against women and children (VAWC) the factor that affected the implementation of Ethiopia's policy was a failure to establish the National Population Council; weak coordination and institutional arrangement due to the absence of a legally defined structure for implementation, lack of monitoring and evaluation system, absence of a comprehensive population program and financial constraints, among others are the major barriers.~~

# very long sentences. It is difficult to understand. So, make it simple.

### 6. Conclusion

Rewrite the conclusion avoiding repetition.

## 7. Recommendation

The recommendation should be executable. So, think judiciously.