



The Political Instability and their Impact on Economy in Sub Saharan African Countries

By DiribsaTesfa Miressa

Abstract- This paper explores the relationship between political instability and economic growth in Sub-Saharan African nations. A more comprehensive measure of political instability than has previously been developed is used in combination with a simultaneous equations model and dynamic panel estimation approach to produce several interesting inferences. First, the statistically significant inverse relationship between political instability and economic growth identified by earlier studies is confirmed by the estimates presented here. Second, the estimated system of equations indicates that economic growth and political instability are jointly endogenous. Third, in addition to the direct impact that political instability has upon growth, estimates confirm the hypothesis that political instability indirectly decreases economic growth by decreasing long-run capital accumulation. Fourth, failure to account for the dynamic nature of growth equations as well as the endogeneity of explanatory variables may produce biased effects of political instability on growth.

Political instability has become endemic to Sub-Saharan Africa. Since the early 1960s, when most of the African countries began to achieve independence, more than fifty coups have taken place in the continent.

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Political instability has become endemic to Sub-Saharan Africa. Since the early 1960s, when most of the African countries began to achieve independence, more than fifty coups have taken place in the continent. This rise in political decay has significantly affected economic development. This study examines the relationship between elite political instability and economic development in Sub-Saharan Africa. It concludes that lack of political stability has contributed significantly to economic stagnation in the continent of Africa.

I. BACK GROUND OF THE STUDY

Ethiopia is a nation with a long, venerable and complex history. Although located in the tropics its high altitudes give much of it a temperate climate. Although the ancient, aboriginal population of what is now Ethiopia was Cushitic language speakers, the culture that came to be identified with Ethiopia came from Arabia, probably as early as 1000 B.C. These Semitic language speakers adopted Christianity in the fourth century A.D. The particular version of Christianity adopted by the Ethiopians was called *Monophysite* because it maintained that Jesus of Nazareth was of a single nature rather than of two natures, divine and human, as maintained by the Roman Catholic and Greek Orthodox churches. The other Monophysite Christian organizations were the Coptic church of Egypt, the Syrian church and the Armenian Church. Now the Monophysite churches are accepted

as orthodox but in the middle Ages these theological issues were considered vitally important. With the advent of Islam there was a political upheaval as well as a religious one in the region. The Christians of Ethiopia initially had good relations with the converts to the new religion of Islam. A party of converts to Islam in Arabia fled persecution across the Red Sea. They sought and received refuge from the Ethiopian Christians. Jesus is a revered figure in Islam, having the status of a Prophet. The Koran mandates tolerance for the People of the Book; i.e., Jews, Christians and Zoroastrians. So initially there was no friction between the Muslims and the Christians. But later political rivalries manifested themselves as religious conflicts.

The basic economy was agricultural. Upwards of eighty percent of the population is directly or indirectly dependent upon agriculture for their livelihood. Although an overwhelming proportion of the populations are engaged in agriculture, agricultural production accounts for only about 50 percent of Gross Domestic Product (GDP). Most of the farming (two thirds to three quarters) is for the subsistence of the rural population and consists primarily of subsistence crops such as grains and pulses.

II. OBJECTIVES OF THE STUDY

a) General Objectives of the study

The objectives of the research project are to identify the political instability and their impact on Economy in sub Saharan African countries especially in Ethiopia.

b) Specific objectives of the study

- To identify the impact of political instability on peoples life standard.
- To identify the impact of political instability to generate educated generation.
- To identify the impact of political instability on reducing unemployment.
- To the impact of political instability on attracting foreigner investor.
- Their impact on county GDP.

III. SCOPE OF THE STUDY

The study will concentrate on 'sub Saharan African countries especially in Ethiopia'.

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IV. METHODS OF DATA ANALYSIS

In order to achieve the objectives of the study, a number of statistical techniques will be used in primary data analysis: In this study to analyses the primary data, descriptive data analysis method will be employed the justifications and rational reasons for using the statistical techniques in analyzing the data are now given below:

a) Quantitative Data Analysis

Quantitative Research is used to quantify the problem by way of generating numerical data or data that can be transformed into usable statistics. It is used to quantify attitudes, opinions, behaviors, and other defined variables – and generalize results from a larger Sample population. Quantitative Research uses measurable data to formulate facts and uncover patterns in research. Quantitative data collection methods are much more structured than Qualitative data collection methods. Quantitative data collection methods include various forms of surveys – online surveys, mobile surveys and kiosk surveys, face-to-face interviews, telephone interviews, longitudinal studies, website interceptors, online polls, and systematic observations.

b) Qualitative Data Analysis

Qualitative Research is primarily exploratory research. It is used to gain an understanding of underlying reasons, opinions, and motivations. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. Qualitative Research is also used to uncover trends in thought and opinions, and dive deeper into the problem. Qualitative data collection methods vary using

unstructured or semi-structured techniques. Some common methods include focus groups (group discussions), individual interviews, and participation/observations. The sample size is typically small, and respondents are selected to fulfill a given quota.

V. FACILITIES TO BE USED FOR THIS PROJECT

All the material wanted for this study already exist except 4G network dongle; since there is the network interruption the 4G network access is mandatory so I will buy the 4GB network data from *Ethio-telecom* and the budget will planed by considering this materials.

VI. BUDGET FRAME WORK

The total budget for this project will be 300,984.25 Ethiopian Birr and the source of this budget is the salary I gain from my work. To describe the detail budget:-

For paper: 25 pack = $25 \times 143 = 3,575$ ETB

For Interview: 102 peoples = $530 \times 150 = 79,500$ ETB

Pen: $46 \times 3 = 138$ ETB

Transportation: $3620 \text{ km} \times 1206 = 30,166.67$ ETB

Accommodation: $425 \text{ days} \times 410/\text{day} = 174,250$ ETB

Data (Internet) cost: 13,354.58 ETB

NB: All the above costs are in terms of Ethiopian Birr.

- 3620 km to collect data from all nine regional states of Federal Democratic republic of Ethiopia and two cities Administration.

VII. DELIVERABLES AND PROGRAM SCHEDULE

The research will be conducted according to the work plan on table 1.

Table 1: Work plan of the study

Sr. No.	Duration (2018 to 2020)	Duration	Final date	No. of days	
1	Preparation of project proposal Contact of advisor and discussion on title and proposal	September 01, 2018 - November 05, 2018	November 05, 2018	95	
2	Data Collection	November 06, 2018 - August 30, 2019	August 30, 2019	294	
3	Data compilation & Analysis	August 31, 2019 - January 30, 2020	January 30, 2020	150	
4	First draft submission	January 31, 2020	January 31, 2020	1	
5	Report writing	February 01, 2020 - February 02, 2020	February 02, 2020	2	
6	Discussion with Advisors	February 03, 2020 - May 28, 2020	May 28, 2020	120	
7	Final Report Submission	May 29, 2020	July 01, 2020	90	
8	Project report defense & presentation	August 30, 2020	August 30, 2020	1	
	Total days			753	

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