

**ADDIS ABABA UNIVERSITY
REGIONAL AND LOCAL DEVELOPMENT STUDIES**

**AN ASSESSMENT OF THE CURRENT
DECENTRALIZED REGIONAL AND LOCAL DEVELOPMENT
EXPREIENCE IN OROMIA REGION (1992-1996/97):
CHALLENGES AND PROSPECTS**



**BY
MOHAMMED ABAGOJAM**

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JANUARY, 1999**

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DEVELOPMENT STUDIES**

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List of Aconyms

POPED	Bureau of Planning and Economic Development
BOAD	Bureau of Agricultural Development
BOE	Bureau of Education
BOF	Bureau of Finance
BOH	Bureau of Health
BWEM	Bureau of Water, Energy and Mining
DC	District Council
DEC	District Executive Committee
DDC	District Development Committee
OPDO	Oromo Peoples Democratic Organization
ZEC	Zone Executive Committee
ZDC	Zone Development Committee
KA	Kebele Administration

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CHAPTER 1

1.1. INTRODUCTION

The increasing contemporary literature on regional and local development does not seem to win the consensus of debating parties. Controversies are growing widely among academicians, politicians, administrators and practitioners on the constituent parameters of regional and local development. Even the term "region" is not the exception to such conceptual difficulties (Sileshi, 1993; Zewdie and Abdulhamid, 1993). In fact, such increasing controversy can be expected when one takes into account that the theory of development itself is unsettled and hence the issue of development process and problems yet unresolved.

Many writers (Ayele, 1987; Obudho, 1988; Tandon, 1990; Sileshi, 1993) tend to claim that the concept of regional and locally based economic development is not a new phenomenon in economic growth theory. For these same writers, it has its roots in the balanced versus unbalanced growth controversies of the 1950s and 1960s. According to (Obudho, 1988) both theories (balanced and unbalanced), together often known as the top-down approach to development, tend to attribute regional growth disparities to the initial advantages of some regions, the successive circular and cumulative mechanisms and to the operation of backwash effect. This assertion implies that once the process of development has begun in particular regions, labour, capital and raw materials tend to flow to these regions from the other regions. And hence, while Lewis (1955), from the balanced growth theory, suggested to concentrate investments on well integrated industrial centers in the early stages of industrialisation, which is latter to be followed by other centers; Hirschman (1958), from the unbalanced growth school of economic thought argues, on the other hand, that growth can be transmitted from one region to another manifested in "growth-points" and "lagging" regions (Zewdie and Abdulhamid, 1993).

In a nut shell, the central idea of both approaches rests on the belief that the nucleus of development spreads (trickle-down) from urban industrial center, first to the hinterland areas, then gradually to the rural areas. However, both approaches have been criticized. Because, subsequent observations have revealed that the impact of development from the center to rural areas has not been significant enough to justify the approaches.

Rather, the implementation of such approaches caused and accelerated the problems of unemployment, poverty and income inequality in both rural and urban areas of low-income countries (Obudho, 1988). It was, hence, failure of the center-down paradigm to achieve the development objectives often defined in broader sense constituting "growth", "welfare", and "empowerment" (Tandon, 1990) that gave birth to the current increasing debate on the issues of regional and local development.

Having discussed the theoretical background of regional and local development, it becomes imperative to have the operational definition of the concept 'regional and local development'. In his work titled 'planning local economic development', Blakey (1989), defines regional and local development as: "a process that emphasizes the full use of existing human, material, financial and natural resources to build employment and create wealth within a defined locality." According to this definition, the main argument of regional and local development is that development strategies and efforts should emanate internally from the natural, socio-economic and political factors that shape the local community in such away that it benefits the locality and enhances local regional and national development.

Together, there comes the need to be aware of the concepts 'region' and 'regionalization'. Different schools of thought have attempted to define a 'region' in different ways. Some resort to the idea that a 'region' is an organic entity while others characterize it in terms of physical conditions. Still others try to define it as a defined portion of the earth's surface distinguished by certain natural features (Hadis, 1993). This implies that there is no consensus on the conceptual definition of a region. However, one important factor that has to be accounted in the concept of a region is the purpose of its delineation i.e., the purpose of regionalization. According to Hadis (1993), regionalization is the process of delineating regions. This same writer noted that regionalization may take several forms depending on its purpose. He also pointed at the four main purposes often used in the regionalization of diverse countries. These are - administrative, political or strategic, social and economic purposes.

In Ethiopia, regional problems and the exercise of regional development began to be formally considered in the five years development plan, which were prepared during the Haillessilassie regime. Those plans stressed economic sectors that were considered to have strategic importance in accelerating economic growth in particular and development in

general. Hence, all the plans aspired to achieve a higher level of development by giving particular emphasis on selected spatial activities.

While the first five year plan (1958-62) generally emphasized on the improvement of infrastructure services as road, communication and educational infrastructures the second five year plan focused on the development of processing industries, mining and the generation of electricity (Ayele, 1987). The second five year development plan (1963-67) had attempted to have relatively better consideration of regional development issues, but, it was the Third-five year development plan (1968-72) that gave a wider coverage to regional development (Sileshi, 1984). However, due to the inherent problems of the feudal system and its consequent political instability that reached its climax in Ethiopia at that very moment, the Third Five year development programme could not have gone much beyond identification of sectoral activities within a few geographically defined areas, such as the one based on the Awrajas and river basins (Sileshi, 1984). One can draw an implicit conclusion from both the policy and the development plans of the time that the country had been exercising unbalanced development strategy.

Subsequently, it was in the ten-year perspective plan (1984/85-1993/94) of the ex-military regime that the issues of regional economic development were more extensively elaborated in Ethiopia. As stated in the plan document, the overall objective of regional development was to achieve a more balanced and proportionate development of the various regions in the country. In the meantime, seven development planning regions were delineated and a resource based or as economists often call it, "demand pull development strategy" was initiated. Nevertheless, the political chaos and its consequent prolonged war that was characterizing the country during the military regime adversely affected this plan.

Upon seizing power in July 1991, the EPRDF led Transitional Government of Ethiopia (TGE) took decisive economic and political transformation measures. Together with the adoption of market-oriented economic policy, it established 14 National/regional self-governments (proclamation No. 7/1992) and decentralized certain aspects of decision making power to regions and their respective local administrations. Moreover, the government also decentralized the administration and management of natural resources

utilization in ways that will benefit the people of the country at large (Proclamation N1 33/1992 and No. 41/1992 respectively).

It is, thus, within the current decentralized regional development perspective that this thesis attempts to assess and analyse the practice of the current decentralized development in Oromia Region, one of the nine regional governments of Ethiopia. In doing so, the thesis makes use of the institutional approach to assess and analyse the challenges and prospects of regional and local development in the region. The thesis, therefore, confines its focus to issues pertaining to institutional development as well as factors affecting it. Moreover, it also seeks ways of improving the performance of administrative structure and personnel of the region so that the regional government might properly exercise its role as 'engine' of the region's socio-economic development.

1.2. STATEMENT OF THE PROBLEM

Ethiopia is among the world's low-income countries that have been suffering from both political and socio-economic development problems. It is also among the African countries where the economic crisis facing the continent for the past three decades has been best manifested. The World Bank Development Report of 1989 also supports this assertion. According to the report, after vigorous growth in the late 1970s, the economy has stagnated in the late 1980s. The average rate of real GDP has been only 2 percent per annum and per capita income has fallen by about 0.7 percent per year during the 1980s.

This was due to the fact that the macroeconomic performance has been affected by consecutive droughts (1983/84, 1984/85 and 1987/88), the effects of prolonged civil war and distorted pricing and marketing system. The effects of several years of virtual economic stagnation have been decreasing real incomes, falling standard of living and rising open unemployment (World Bank, 1989).

The root cause of Ethiopia's socio-economic stagnation takes us back to consider the history of its government administration. Ethiopia and its citizens had been suffering from frequent wars both against external invaders and internal feudal, tribal and religious wars. In addition to the wars, feudalism that persisted until the late 20th century being sustained and not at all

by the Orthodox church, depleted what ever little economic surplus the country generated (Mersie, 1989).

More importantly, the country was characterised by extreme centralisation of development decisions at the centre of power whereby decisions and the means of implementation were handed down and the lower administrative echelons and the people remained passive recipients of decisions. The unfavourable consequences of this pattern of function has been that implementation of decisions and utilization of resources often failed to be effective. This was mostly because those charged with the responsibility to implement could not share the purpose and spirit of decisions and develop their commitments. Ayele (1987) has put the cumulative effects of these phenomena as follows:

- Extreme over all under development
- Excessive disparity between a few areas and urban centers with development activities on the one hand, and the remaining majority of regions which for most part exist only at a substance level.

The Transitional Government of Ethiopia took decisive steps to transform the country. Together with the adoption of a market-oriented macro-economic policy, it established national/regional governments and decentralized certain aspects of decision making power to the regions and their respective zonal sub-divisions. The Government also decentralized development administration and management of the utilization of natural resources in ways that will benefit the people of the region as well as the citizens of the country at large.

Accordingly, Ethiopia was divided into ethnic based political divisions of 14 national/regional administrations (including Dire Dawa and region 14 or Addis Ababa) (Proclamation NO. 7/1992). It was this primarily ethnic-oriented political division of the country that paved the way for the current "federal form of government" comprising nine national/regional governments. It is hoped that this federal form of regional and local development administration and management will bring about expected improvements in the well being of the people of each respective region as well as the socio-economic performance of the country at large.

The success or failure of the current regionally based development strategy in Ethiopia is yet to be seen. However, official reports through both government and private owned media

indicate the prevalence of critical problems as patronage, corruption, nepotism, poor budget utilization and development planning at both national and regional/local government levels. Unless addressed through timely corrective measures, such problems are critical enough to negatively affect the achievement of the currently established hope on regionally based development strategy in the country.

All these issues justify the potential fertility of the country's current practice in decentralized regional and local development for research undertaking. This thesis entitled "An Assessment of The Current Decentralized Regional and Local Development experience in Oromia Region: Challenges and Prospects", aims to undertake a comprehensive and realistic analysis on the limitations and serious problems to have been constraining the regional government of Oromia to serve its purpose as an instrument of progressive change since transition. Being Ethiopia's largest region in terms of both population and area coverage, the conclusion to be drawn in this thesis from the experience of the region can be helpful in tackling the problems of other regions.

1.3. SIGNIFICANCE OF THE STUDY

The fact that Oromia is the largest of all the current regional states of Ethiopia-both in terms of population and land size, and also with relatively large physical resource endowment-is a major issue of emphasis to justify the importance of this study. Besides, Oromia is a region with diversified population in both religion and ethnic composition. The people of the region comprise the Oromo, Amhara, Gurage, Kaffa, Somali ethnic groups. Among these, the Oromo is the largest ethnic group and the Amhara come second in number.

According to the 1994 census 85% of the people living in the region are ethnic Oromo. The Oromo Language is an official language of the region. The remaining others altogether account for about 15% of the region's population (CSO, 1996). Half of the population of the Oromia region are Christians, specifically, 41.2% Orthodox, 8.6% Protestant, and 0.6% Catholic; and 44.3% are Muslims and the rest follow traditional and other beliefs (BOPEID, 1996).

The Oromia region has been experiencing some political difficulties. There have often been political tensions and conflicts among the proponents of the two dominant political organizations, namely, Oromo People's Democratic Organization (OPDO) and the Oromo Liberation Front (OLF), pronounced particularly during the transition period. The political complication in Oromia region is not only the concern of the Regional Government but, it is also that of the Federal Government. Moreover, the welfare of the people of the region in general and that of the minorities, in particular, is the concern of both levels of government.

Given the 'novelty' of the practice and experience of Federal Structure in this country, particularly along ethnic lines [based on language criteria], such a political complexity makes the task of regionalized development administration too complex and challenging. More importantly, the efficiency and effectiveness of regional and local initiatives, management and responses to development processes at the newly organized Regional States is bound to have far reaching implications on the improvement of the socio-economic condition both at the regional and national levels.

Hence, an assessment of the current practices of regional and local development needs to be done. This study of Oromia region would be of immense value because its implications on both level of governments is also significant. In addition, there has also not been any such study in the region in particular and in the country in general. Therefore, this thesis work is believed to highlight the problems of regional and local development in Oromia region and to serve as a springboard for future research.

1.4 Objectives of the Study

This study aims to achieve three major objectives:

- (1) To assess and analyse the implementation of the current decentralized regional development with reference to Oromia region;
- (2) To assess and reveal the prevailing regional and local development conditions in the region now which form a point of departure, and
- (3) It also attempts to streamline specific prerequisite conditions that ought to be created for efficient and effective public sector management in the region.

In doing so, the study oriented itself to further achievement of specific objectives that could be categorised as descriptive analytical and policy oriented ones.

(i) Descriptive objectives

This study attempts to describe the demographic social, economic, political and civil service characteristics of the region and their impact on one other,

Moreover, it also tries to relate the commutative effect of their combination either in retarding or fostering the development endeavour of the region.

(ii) Analytical objectives

To identify, describe and make an attempt to have an indirect measure of key political, social, economic and institutional factors that have much to do with the development effort of Oromia region. This include:

- (a) An assessment of the planing and programming process and its administration in the region;
- (b) An assessment of the institutional and human resource capacity of the region in planning implementation and evaluation;
- (c) An assessment of the development, mobilization and utilization of all forms of resources;
- (d) An assessment of the mobilization of -Private sector participation in the development program of the region;
- (e) An assessment of popular participation in all phases of the regions development and;
- (f) An assessment of the degree of horizontal, vertical, inter-sectoral and intra-sectoral co-ordination.

(iii) Policy objectives

The study is expected to have the following policy objectives.

- (a) Provision of additional empirical evidence on the challenges and prospects of regional and local development in Oromia in particular and in Ethiopia at large. (b) To indicate policy implications of the findings and give appropriate recommendations.

1.5. Methodologies of the Study

This thesis focuses on analyzing the implementation of the current decentralization type development policy in Oromia region as well as its impact on changing the socio-economic

condition of the region. This is done by examining the dynamics of change during the period 1991/92 to 1996/97. The analysis compares the levels of zonal development in the region and the achievement made in alleviating inter zonal disparity within the region. It also examines the institutional problems challenging effective and efficient implementation of regional and local development in the region in light of the very hypothesis of the thesis that argues *if problems pertaining to institutional development are addressed by proper and timely measures, there will be better and relatively rapid improvement in the socio-economic status of Oromia region.*

In an attempt to evaluate the performance of the regional and local development efforts, made since transition to date in Oromia regional state, the thesis tries to examine: -

- The achievement made in alleviating zonal disparities
- Enhancing popular participation
- Ensuring efficient and effectiveness in resource use and program implementation
- Increasing local saving and investment
- Enhance the participation of the private sector in the region's development endeavours.

Accordingly, a variety of socio-economic indicators are used to measure the extent to which the inter zonal disparities are reduced or increased. To this end, two of the most commonly used disparity measures are used in this study. The first measure is the coefficient of variation (CV), also known as the Williamson factor. The CV is simply defined as the standard deviation divided by the mean of the variables and can be compute as

$$CV = \frac{\sqrt{\frac{\sum (X_i - X)^2}{N}}}{X} \dots \dots \dots (1)$$

Where X_i is the value of a variable in a zone, X is the mean value of the variable, and N is the number of zones in the region. As a measure of zonal inequality, higher magnitudes in CV show greater disparity in the distribution of a variable over the regional space. To correct for the errors in the CV measure particularly, for it tends to conceal important differences among individual zones, standard scores, also known as the z-scores are also used in the analysis. The standard scores also help to correct the problem of skewness in the distribution of a variable. They are calculated as:

$$Z_x = \frac{\sum(X_i - \bar{X})}{\delta} \dots\dots\dots(2)$$

Where X_i and \bar{X} are as defined in equation (1) and δ is the standard deviation of the variable. Since Z-scores are standardized units, they allow us to aggregate variables indicating different measures with minimum bias. The Z-Scores are then used to compute indices to compare the position of each zone on an aggregate measure.

In addition, percentage rates are also used in the analysis for efficiency in resource allocation and utilization, effectiveness in yearly plan and program implementation and in the analysis of interview results.

The data relevant to this study are collected from six sample zones, twelve weredas and twenty-four (rural + urban) Kebele Administrations. The sample zones and Weredas are as follows:

Sample Zone	Sample Weredas
Arsi	Ziway Dugda and Amigna
West Harerghe	Ciro and Guba Koricha
East Showa	Adama and Siraro
East Wellega	Limmu and Sibru Sire
Ilubabor	Darimu and Bedele
Jimma	Gera and Seka

Source: Author's Survey, 1998

The sample zones are selected in such a way that the data relevant to the study could be collected almost from the whole direction of the region i.e. Eastern, Central, and Western Oromia. Moreover, both the zones and Weredas covered by this study are relatively with moderate to high population. However, the most important factor attached to the selection of the sample zones and Weredas is that they are from the different sub-regions of Oromia and constitute half of the administrative zones of the region.

It is, hence hoped that the data used under this study is as representative as possible to the region at large given the limitation of the time and money made available for the purpose concerned. Moreover, a variety of methods are employed in undertaking the study that include:-

- Review of relevant documents available at the various levels of the sample administrative units and institutions in the different development sectors of the Regional Government of Oromia.
- Individual interviews with officials and staff at different levels of management.
- Interviews with randomly selected members of the community in the 12 rural and 12 urban (wereda capitals) kebeles as to their participation in the development endeavour of the region.
- Observation of activities and procedures interactions, physical, economic and social infrastructures etc. in place
- Examination of the practices and experiences of related and relevant organizations and institutions to draw lessons on best practices.

For the purpose of data gathering such instruments as interview and questionnaire are used as appropriate.

CHAPTER 2

2.1 The Theoretical Basis of Regional and Local Development

The issue of regional and local economic development emanated from the necessity of resolving unwanted trends that show a sharpened inequality among regions of a given country. Regional studies are of recent phenomena despite the fact that the basis for these studies was laid in the 19th century. The root of regional studies stems from the concept of location theory where the scope was initially confined to the ideas that distance plays a determining role in the distribution and location of economic activities (Hadis, 1993). In elaborating the scope of regional studies, Hilhorst (1986) has pointed out that the object of regional studies include, "... the process of change in human activities as they occur in regions, relationship between these processes and the dynamics of spatial structures such as settlement systems, the relationship between the activities in the various regions of a given country and the effects of international relations upon these processes and relationships."

Under this theoretical chapter, the regional dimension of the two broad categories of development approaches is comparatively analysed. On the one hand is the top-down or development from above approach that emphasizes on a clustering of investment around the initial growth centers with high efficiency and economic return that would be subsequently enhanced to cover wider spatial dimension by way of spread effects. On the other, is bottom-up or the development from below approach whose main concern is inward looking and regional self-reliance stressing on the importance of non-economic variables. In the former case, the decision making power is centralized at the national and sector level. Whereas, in the later, regions and or localities also gain significant involvement in the planning and implementation of development activities at their own levels. From the comparative analysis of the two approaches as well as from institutional perspective, there emerges a conclusion that supports a decentralized development strategy in which the simultaneous application of top-down and bottom-up approaches would be made possible through hierarchical arrangement of decision making power. Here after in this thesis, this decentralized development strategy is referred to as a regional and local development strategy.

2.1.1 Development From Above

The development from above or top-down approach, bases its root in the neo-classical theory of development and is associated with the balanced versus unbalanced growth controversy of the 1950s and 1960s. It relies on the hypothesis that development is geared by external demand. The concept of this approach revolves around the idea that growth which takes place in selected spatial entities for some initial advantages will later spread outward. This concept is embodied in various theories among which Perroux's (1955) growth pole, Myrdal's (1957) cumulative causation, Hirschmann's (1958) Polarization and Friedman's (1973) Core-periphery constitute the most outstanding ones. The main proponents of this approach argue that growth should start on few selected centres and emphasize on a few dynamic sector clusters and acknowledge urban industrial growth as the key to more equitable spatial development (Obudho, 1988).

Perroux (1955), who is among the proponents of the top-down paradigm, maintained the notion of growth poles. He stressed the importance of entrepreneurial innovation in the development process that proceeds by successive dynamic sectors or poles through time, the propulsive industries gearing development. The main elements of this approach are derived from Perroux's idea that growth appears in areas where industrial activities occur and that it does not appear in all places simultaneously. Thus, the major issue of this top-down strategy is the emphasis it lays on a few dynamic industrial sectors, that would subsequently speed up urban and industrial growth (Hadis, 1993).

It was Gunnar Myrdal (1957), who first popularized the concept of the spread effects of growth from selected central places. Myrdal, with the concept of cumulative causation, argues that whatever the reason behind the initial expansion of growth, it tends to lead to circular causation due to the basic economic elements such as external economies and economies of scale. He also argues that development has a tendency of concentrating in limited areas at the initial stage. Ultimately, however, the tendency to disperse is induced with the emergence of the spread effects. For Myrdal, the spread effects will outweigh the backwash effect as a result of the high probability of technical advancement to diffuse from the growth centres. These possibilities, however, become stronger as the level of development increases.

Hirschmann (1958), who is another proponent of the top-down approach, maintains that growth tends to be concentrated spatially thus giving rise to cumulative effects. According to this author, there exist strong possibility of a trickling down effect to occur as long as the poor and the strong regions produce complementary goods and resume trade. He, however, maintained his reservation in cases where such complementarity does not exist that the situation will rather lead to polarization. Hirschman, therefore, strongly asserts that to accelerate development, a clustering of investment around the initial growth centre is beneficial since it would be subsequently enhanced to cover a wider spatial dimension by the trickling down effects.

Another approach that favours the top-down development strategy is Friedmann's Core-Periphery interaction. Friedmann (1973) argues that development occurs through discontinuous but cumulative process of innovation originated in the core areas and diffused to peripheral areas. According to this author, core regions, which are mostly urban centres, are centres of innovative change and determine the development of the peripheral regions. Hence, it is argued that development generated from the core regions would have a tendency of diffusing, thus, determining the promotion of the development of spatial systems.

Nevertheless, the top-down or development from above approach has been criticized for the following weak features inherent with it. According to Ayele (1987) these weak features are:-

- The geographic mobility of labour assumed by the strategy is contrary to the realities, which manifest difficulties of movement.
- The strategy failed to recognize the impact of space in restraining the perfect mobility of commodities and factors of production and there by greatly limiting the spread of development impulses.
- The top down development strategy has unswervingly relegated the interest of the rural areas (hinterlands) to that of the urban industrial centers
- Successive implementation of this strategy resulted in the concentration of all the development efforts on a few well developed urban centers and the flow of benefits is towards the centers, thus reinforcing the 'backwash' effects of the centers than spread effects to the hinterlands.
- The strategy promoted an ever in-creasing disparity in place of equity between developed urban and rural, between developed and under developed urban and

between social groups in all the basic necessities such as income, education and health services;

- Institutionally, the machinery for planning and implementation is usually highly centralized, thus relegating the lower administrative echelons and the people to be passive recipients of decisions.
- Moreover, this strategy disabled nations to tap in full the possibilities of many of their regions both for regional and national development.

Gary Gailey reviewed seventeen studies that attempted in one way or another to implement growth pole strategies and concluded that, "if a trend was clearly discernible, it was that spread effects were smaller than expected, limited in geographical extent or less than backwash effects" (Gailey, 1973)

In summarising the prevalent attitudes towards the top-down approaches to development, Niles Hansen (1981) concluded that the growth pole approach can be said to have passed through three phases: (a) optimism with respect to possible ties for inducing growth in a few centres and subsequent generation of spread effects, (b) pessimism when the expectations of the phases failed to materialize; and (c) broader view of growth centers as only aspect of more comprehensive development planning.

Therefore, it is safe to conclude that the spread and trickle-down effects have proven over the years to be far less potent than was originally anticipated. That is why some spatial planners as Friedman and Douglas have advocated the new concept of development planning from below (Obudho, 1988).

2.1.2 Development from Below

The approaches that advocate development from below give special emphasis to strategies of rural development. They strongly adhere to the basic concept of the creation of indigenous dynamic development impulses within the rural hinterland. They not only argue for the reversal of strategies and options that favour urbanization and agglomeration of industries but also stress that the direction of development options have to be reversed in space, professional value and in specialization through designing a technological-setup that safeguards the employment of the locality (Stohr and Taylor, 1981).

The main argument of these approaches is that development strategy and efforts should emanate internally from the natural, socio-economic and political factors that shape the local community in such a way that it benefits the locality and enhances development. Among the theoretical arguments that favour the "development from below" approach is Friedmann and Douglas's agro-politan development approach to spatial development. These writers argue that "the urgency of the present situation calls for heightened political commitment to an inward-looking and rurally based strategy of national development," (Friedmann and Douglas, 1978). The agro-politan development approach proposed by these writers is supposed to be realized by introducing and adopting some elements of urbanization to specific rural areas using agro-polis as a centre for a self-reliant region.

The "Selected spatial closure" designed by Stohr and Todtling (1976) is the other approach under the "development from below" category. Criticizing the existing regional policies for being urban biased, Stohr and Todtling strongly argue that the attainment of spatial equity should be given more emphasis. This approach strongly emphasises regional self-reliance stressing the importance of non-economic variables. The proponents of this approach underscore that "policy instruments might be used that would function through the protection of regional resources, the guidance of regional preference patterns, the increase in transport cost for certain regional imports, tax measures to differently allocate the advantages of internal large economies of scale and through differential access to decision-making power, including the devolution of central powers to regional authorities." (Stohr and Todtling, 1976).

It appears that the main argument of this approach is the inward-looking development that stresses the closure of a region with the intention of developing indigenous culture and technology and widening the accessibility of social facilities to the members of the community.

Another approach belonging to the "development from below" category is integrated rural development. As an approach, integrated rural development aims at an integrated development based on the proper utilization of a community's physical, economic and social resources. As an all-embracing approach to the alleviation of rural development problems, it intends to foster rural industrialization, increase labour productivity, introduce appropriate

technology, organize co-operatives and achieve sustainable development through increased agricultural productivity (Hadis, 1993).

In sum, the mid- 1970s, whole range of slogans in development discourse holding various terms as "development from below," "bottom-up development," "grass roots development," "integrated rural development are, in the words of Sanyal (1994) coined to advocate an alternative development model which would shift the emphasis of economic growth paradigm from the state to the people. He further argued that the bottom-up development strategy was to be counter-hegemonic to the "top-down /trickle down" approach of economic development. Moreover, the bottom-up development strategy was to be institutionally based on small institutions at the bottom of the society, such as community groups, NGOs, and grass roots-based social movements that were assumed to have relative independence from the state and other institutions at top national level (Gorman, 1984).

However, the "development from below approach " is also criticized in Sanyal (1994) for the following institutional problems inherent with it. These are:-

- 1 The absolute rejection of the top-down strategy made the bottom-up strategy of development appear utopian to planning practitioners who were used to making incremental changes in policies and programmes.
- 2 The antagonistic criticism of the top-down development strategy by the bottom-up approach did not lend itself well to the institutional consensus-building which are essential for policy innovation.
- 3 The bottom-up development strategy demanded a level of integration of policies which could not be provided by any single institution; consequently, the strategy turned out to be an idea with out an institutional base.
- 4 The strategy of development from below also failed to duly consider the benefits of agglomeration economies to both regional and national development.

With the understanding of the limitations inherent with both the "top-down" and "bottom-up" strategies of development and from institutional point of view as well as under the current context of federal structure, this thesis maintains the position that supports hierarchical structure for the effective implementation of the current decentralized regional and local development in the regional states of Ethiopia. Because, hierarchical structure, as asserted by Schafer (1979) allows the simultaneous occurrence of the "top-down" and bottom-up approach to the handling of institutional and regional functions.

The concept "Regional and local Development," as used in the context of this thesis is, therefore, more in agreement with Blakey (1989), who defined it as "a process by which regional, local and or community based groups manage their existing resources and enter into new partnership arrangement with the private sector, or with each other to create new jobs and stimulate economic activity in a well-defined politico-economic zone." Accordingly, the central feature of regionalized and locally oriented development is the emphasis on "endogenous development" policies and strategies using the potential local human, institutional and physical resources. Blakey (1989) is also of the opinion that such decentralized regional and local development is directed towards the achievement of among others, the following objectives:

- (a) to ensure efficient use of all forms of existing resources and generate additional resources,
- (b) to increase popular participation in planning and development;
- (c) to redress development in-equalities among and with in regions;
- (d) to narrow the gap in income distribution

Institutionally, for Conyers (1981), there are arguments in favour of decentralized regional and local development to be advantageous over centralized national-sectoral strategy, among others, for the following reasons:

- (a) It makes plans more relevant to local needs
- (b) It facilitates co-ordinated or 'integrated planning'
- (c) It increases the speed and flexibility of decision-making
- (d) It helps increase efficiency in resource use and effectiveness in plan implementation

It is, hence, within the above-discussed conceptual frameworks of 'regional and local development' that this thesis attempts to examine the experience in Oromia Region, one of the nine regional states of Ethiopia.

2.2 Historical Background to Regional Development in Ethiopia

2.2.1 Pre-1974 Efforts

Prior 1957, the undertaking of development activities in Ethiopia had been highly characterized by the implementation of a variety of limited-purpose programmes in specific sectors of the economy. Moreover, for the programmes were limited in scope. The

development impacts they produced in any of the sectors were proved to have been insignificant (Sileshi, 1986). However, the cumulative effect of the experience generated from these diverse but narrowly defined sectoral programmes led to the formulation of the first comprehensive national plan which went in to effect in the three successive five-year plans (1957-1973).

The first five-year plan (1957-1961) focused, on the whole, on the improvement of infrastructure services as road networks, communication networks and educational infrastructure. Where as, the second five-year plan (1963-1967) placed its special emphasis on the development of processing industries, mining and on the generation of electricity (Ayele, 1987). According to this same author, both plans placed an exclusive emphasis on the rapid growth of the national economy. However, both plans failed to consider the increasing growth disparities between the regions of the country.

The third five-year (1968-1973) recorded relatively two progressive beginnings in the development planning experience of Ethiopia. Firstly, the fact that the promotion of the agricultural production had been granted special concentration in this planning period by itself was a progress when one takes into account that this sector was (and still is) the backbone of the country's macro-economy. Secondly, it was also in this planning period that the regional dimension of development was relatively mentioned for the first time. It was stated in the planning document that the principal objectives of the third five-year plan was the maximization of productivity and growth of the national economy, while simultaneously mitigating regional disparities.

Nevertheless, it is concluded in (Sileshi, 1986;Ayele, 1987; Hadis, 1993 and many others) both from the contents of the plan and the results of its actual implementation that the question of reducing regional disparities even under the third five-year plan did not go further than mere recognition of it as an objective.

A number of measures were identified and presented as "Regional aspects of the third five-year national plans". Among others, the following are some that deserve mentioning (IEG, 1967).¹

¹Imperial Ethiopian Government, Ministry of Planning and Development: Regional Aspects of National Planning in Ethiopia (Addis Ababa, 1967), p.365

- Development of river valleys that include the Nile, Wabisnebele, Tekeze, Omo and Awash Rivers, with special emphasis on the awash valley,
- Implementation of the package programmes as the "Chilalo Agricultural Development unit (CADU) and the Walamo latter renamed as the Walyita Agricultural Development unit (WADU),
- Planning of resettlement measures,
- Promotion of new development centers
- Promotion of co-operatives for domestic industries and small businesses and encouragement of local initiatives.

Moreover, as a process of structuring the institutional framework for what was termed "The regional aspect of national Planning," in 1968, the national territory was divided into 14 regional units based on natural factors as follows:

1. Northern Highland 2. Western Highlands 3. Central Highlands
4. Tana-Lake Area 5. Nile River Basin 6. Southern Resettlement Areas
7. Metropolitan supply Areas 8. Southern Highlands 9. Southern live stock Zones
10. East-Central Area 11. Awash Valley Area 12. Chercher Highlands
13. Ogaden Area 14. Eastern Coastline

Together with the delineation of these regional units, 15 central places (urban centers) were also identified on the grounds of the relative existence of some basic facilities as better infrastructure provision and business and industrial activities in them. The identified central places were designed to serve as development centre that stimulate development activities in the regions (Ayele, 1987).

According to Ayele (1987), the following were some of the short falls that restrained the effectiveness of the whole exercise of half-heartedly appending regional dimensions of the third five-year national plan:

- The regional dimension contained in the plan was so limited on scope and based on isolated projects that it failed to bring about any development impact on the regions.
- There is failure to duly consider the functional roles of each central place to the integration of regional and national development activities in the very identification of central places. That is, the division of the national territory into 14 regional units

and the identification of the 15 central places seem to have been considered independently from each other and without taking complementary effects into account.

- On top of these, the fact that the criterion against which the success or failure of the regional component of the plan was intended to be measured, is the degree of its contribution to the maximization of national growth relegated the very object of the regional dimension to a means for achieving national goals.

Examining all these facts of the third five-year plan this same writer also concluded that no regionalization of development had taken place in earnest during the pre-1974 Ethiopia government. Furthering his argument, he underscored that the mass of urban and rural population of the country was made excluded from the development process: isolated projects were selected for initiating development activities without necessarily considering the linkages between them and their cumulative effects on regional development.

2.2.2 Efforts of Regionalizing Development under the Military Administration

Speaking in relative terms, it was under the military Administration of Ethiopia that the inadequacy of the national sectoral development strategy got increased recognition in the country, particularly, in the Ten-year Development Plan of the 1980s. Some of the encouraging steps undertaken by the government in the direction of decentralising development decisions can be cited as the manifestations of the above argument.

According to the data obtained from central statistical Abstract, in an effort to decentralize the functions of development planning, the country's territory was divided into 7 planning zones (CSO, 1980). Moreover, the institutional framework was structured with regional planning commissioners assuming responsibilities (Ayele, 1987). The following table depicts the seven planning zones together with their areas and population as well as the development centres identified for the regions.

Table 1: Planning Zones under the Derge Regime

Planning Zone No	Administrative Regions Covered	Size of Planning Zones (in 1000 Km ²)	Number of Population in planning zones	population Density (Pop/km ²)	Development Centres	No. of Population in development centres
1	Wello, Assab	104.8	2692.7	25.7	Dessie	75,616
2	Tigray, Eritera	157.3	4,508.2	28.7	Asmara	401,229
3	Gonder, Gojjam	137.9	4,091.3	29.7	Bahirdar	49,324
4	Wellega, Illubabor	173.6	4,445.4	25.6	Jimma	60,333
5	Gamogofa, Sidamo Bale	285.1	4,690.9	16.5	Awasa	24,914
6	Aris, Shewa	110.1	7,511.6	68.2	Nazret	64,912
7	Hararghe	254.8	3,125.2	12.3	Harar	59,468
Total		1,223.6	31,065.3	25.4		735,796

Source: CSO: Ethiopia Statistical Abstract (Addis Ababa, 1980), pp. 35-37

The definition of regional borders and the delineation of regional units are always determined by the purpose of regionalization and the criteria to be applied. Due to the paucity of data pertinent to economic variables in Ethiopia during the time (and still is) the identification of regional units (and regional disparities) was based on physical and natural factors. Other, perhaps, equally important factors like non-economic variables that include issues of ethnic cultural and political problems were often excluded from being incorporated into the criteria applied both to identify regional units and to regionalize development planning in the country. This was, either because the importance of these issues were undermined or intentionally excluded for the issues were conceived as hazardous to the country's unity.

The following were the criteria considered by the central planning supreme council (CPSC) in bringing together the political administrative regions of the country under the seven planning zones created (PMAC, 1980)²

- A Certain degree of the balance needed to be maintained between the planning zones in terms of population and area

²Provisional Military Administrative Regions (PMARs) and Planning Zones (PMAC), The Ten Year Development Plan, Addis Ababa, 1980.

- The administrative regions that come together under a planning zone had to be contiguous
- Topographic similarity of the administrative regions to be combined
- Similarities in both the level of development and socio-economic structure.
- The adequacy and diversity of resources and basic infrastructure provisions needed to be established
- The traditional socio-economic linkages and interactions needed to be maintained among the existing administrative regions to avoid sudden breaks and consequent disorder.

However, it is also noted in Ayele (1987) that the planning zones created proved to satisfy only the second and the last criteria. The remaining were only partially realized. Based on the information from the CPSC, the set of activities assigned to the authorities of the planning zones are listed by Ayele (1987) as follows:

- identification of and inventorying regional resources; analysis of data and publication and dissemination of results,
- development of short, medium and long-term regional development plans,
- identification of regional projects and performance of cost-benefit analysis on them
- Integration of sectoral activities at regional level
- Co-operation in implementing, supervising and control of national projects and working out regional plans taking in to account regional specifications and conditions without necessarily contradicting national objectives and plans,
- Consideration of the implication of regional plans on the activities of the administrative regions in the Zone,
- Encouragement of local initiatives and local participation in development functions and in the implementation of plans.
- Minimization of Urban-rural and interregional differences and building up of a more balanced and integrated spatial economic system,

It becomes unfair to neglect necessary consideration to the relative improvement recorded under the military government as regard to regionalizing development planning in Ethiopia. Important to deserve mentioning in this regard is the achievement made in increasing the accessibility of basic infrastructure services. Having critically examined the comparative

changes in the level of regional disparity during pre-and post revolutionary periods of Ethiopia, Mulatu (1994) attested that there was a slight decrease in the level of inequality in 1986/87 compared to the 1974/75. Furthering his argument, he also attributed the slight decrease in the level of regional inequality to the major expansion of schools and rural roads in the rural areas.

The comparative analysis made by this same writer reveals that some provinces as Gonder, Bale, Kefa, and Sidamo improved significantly in the hierarchy of development between pre-and post revolutionary periods. Conversely provinces like Wellega, Tigray, Showa and Eritrea faced a significant decline in their development hierarchy. Where as the remaining others such as Gojjam, Hararge, Illubabor, Arsi, and Welo, are those provinces that at least maintained their status in the hierarchy.

It is also equally important to note that the overall development impact effected could not be significant enough to justify the effectiveness of the Derg's effort towards regionalized development in Ethiopia. As a matter of fact, the country has also been experienced general down turn in the economic and social services during the post revolutionary period.

2.2.3 The Current Decentralised Regional Development Strategy of Ethiopia

Like many African countries, Ethiopia is a complex mosaic of ethnic groups with different religious and cultural backgrounds. The country was forged as a modern state in the mid-nineteenth century (Mulatu, 1994.). According to this same writer, the creation of Ethiopia as a modern state was undertaken through coercive in-corporation of the southern regions in the late nineteenth century. Moreover, such coercive incorporation was also followed by land reform, which resulted in the loss of land, by the southern indigenous people. As a result, many of the southern ethnic groups were left with the only alternative of remaining tenants that pay as much as 50 percent of their output to landlords, most of whom were from the north. consequently, there had been a kind of organized and unorganised resentment by the many ethnic groups of the south against the political and economic dominance of the northerners, primarily Amhara-Tigray (Mulatu, 1994).

That was why discontinuous development in Ethiopia, specifically the demand by regions for a fair share of scarce resources had been a major regional development issue.

Haileselassie regime. Much of the problem prior to the 1966 revolution, however, focused on rural-Urban or centre-periphery relationships. Even though the very formation of Ethiopia as a modern unitary state through coercive incorporation of the southern regions undeniably necessitates the existence of nationalities' question, the Haileselassie government preferred to neglect recognition to even the mere existence of such a question in association with the issue of regional disparities and regional development problems in Ethiopia.

Problems of discontinuous development took an ethnic twist only after Mengistu's socialist government began to associate interregional disparities in development with the so-called "nationalities" question. This was manifested by the establishment of "Nationalities Institute" in 1983 as an umbrella agency charged with the responsibility of, among others developing strategies to protect the interests of minority nationalities (Mulatu, 1994). As part of its strategy, the nationalities institute recommended the restructuring of Ethiopia's administrative units into twenty-nine provinces of which the five having limited autonomous power concerning local matters. The military government initiative to address the economic problems of minority nationalities did not help them but, instead, raised the expectations of many of the smaller ethnic groups while even the demand of the majority ethnic groups yet unmet.

Despite the relatively better initiative taken to address problems of discontinuous development, interregional disparities worsened under the military government. This was due to the fact that most of the governments resources were diverted towards containing the ethnic based insurgent movements against the regime. By early 1990, it was clear that Mengistu's regime was losing the war against opposition groups, and interregional conflict was intensifying. The EPRDF, after ousting Mengisitu's government in April 1991, established the transitional government in May of the same year. Upon its coming to power, the Transitional Government of Ethiopia (TGE), restructured the country's administrative units into fourteen autonomous regions (including the city of Addis Ababa and Harar) based on the ethnic make up of these regions (proclamation No 7/ 1992). The objective of this restructuring measure as stated in the proclamation was to bring about balanced growth and development among the region of the country and there by do away with the problems of discontinuous development. Moreover, the measure was, also oriented towards enhancing decentralized regional development in Ethiopia.

Together with, other successive policy measures were also undertaken in an attempt to make the newly established national/regional self governments capable of attaining this very objective of their establishment. To this end, the sharing of revenue between the central government and the national/ regional self governments were clearly defined in proclamation No. 33/ 1992. Moreover, the definition of their powers and duties in relation to the central government were also made clear in proclamation No. 41/1993. In all the proclamations, it was stated that the right of nations, nationalities and peoples to self-determination and to determine and decide on their own affairs has been affirmed. According to these proclamations, the National/ Regional self Governments were given the power to formulate strategies which lead to the strengthening of their respective economic base, to undertake studies on the regions' production specialization; develop an economic and technical structure which basically relies in fostering indigenous technology and finally build up the capacity of the local institutions to implement plans and programs and to enforce monitoring and evaluation systems. These were the basic measures undertaken by the Transitional Government of Ethiopia to restructure the country and lay the foundation for the current federal form of government comprising nine regional states, the Addis Ababa city management and the Dire Dawa special Administration.

It is stated under Article 46 of the Federal Constitution (August, 1995) that the Federal Democratic Republic of Ethiopia is composed of regional states which are delimited based on the settlement patterns, language, identity and consent of the people concerned. According to the constitution, the Federal Democratic Republic of Ethiopia (FDRE) comprises the following regional states (Article 47):

1. The State of Tigray
2. The state of Afar
3. The state of Amhara
4. The state of Oromia
5. The state of Somalia
6. The state of Benshanglul/Gumuz
7. The state of the southern National, Nationalities and peoples
8. The State of the Gambela People
9. The state of the Harari People

Moreover, the regional states have been given the power to establish a state administration that best advances self-government; to enact and execute their respective state constitution and other laws, to formulate and execute economic, social and development policies, strategies and plans of their respective regions; to administer land and other natural resources in accordance with the Federal laws, to levy and collect taxes and duties on revenue sources reserved to them and to draw up and administer the regional state budget, to enact and enforce laws on the state civil service and their condition of work and ensure that education, training and experience requirements for any job, title or position approximate national standards in the implementation of this responsibility, establish and administer a regional police force, and maintain public order and peace within the region. An assessment of the implementation of this decentralized regional development strategy with reference to Oromia Region is the concern of the thesis in the remaining chapters

CHAPTER 3

THE STRUCTURE OF THE REGIONAL GOVERNMENT OF OROMIA

Oromia is one of the National/Regional self-governments established by proclamation No. 7 of August 1992 during the transition period. It is also one of the current regional states whose establishment has later been enshrined in the Federal constitution of August 1995. This Federal constitution restructured Ethiopia as a federal government constituting nine regional states and the Addis Ababa City administration. Though without constitutional or any other legal base, Dire Dawa is also officially known as having a special Administration.

In accordance with the power constitutionally devolved to member states of the Federal Government of Ethiopia, the state of Oromia Region has proclaimed its regional constitution (proclamation No. 1/1995). It is, hence, this constitution that governs the affairs of the people of the region and is the base of the state's administrative structure since 21st of August 1995. From its earlier establishment in the transition as national/ regional government and latter as a regional state, there have been considerable attempts made to put in place its institutional structure. These were made to help exercise the powers legally devolved to it and spearhead the process of political, socio-economic and cultural development in the Region.

The major landmark measures taken to this effect were the establishment of regional functional bureaux with the necessary manpower expertise to enhance executive capacity, and the issuance of various socio-economic proclamations, like investment proclamations, urban land lease regulation, and finance administration regulations, and the likes - in order to guide efforts of socio-economic development in the region.

Institutions constitute an essential mechanism for the unfolding of both national and regional socio-economic activities (Ayele, 1987). Thus, it becomes imperative to design an up-to-date system of institutional structures, which are in tune with the requirements of the development agenda. These structures help enhance efficiency and effectiveness through promoting a clear division of functions, and establishing mechanisms of control, performance evaluation and ways of taking corrective measures (Ibid.). He further notes that

once institutional structures are set, the human and material resources needed to help achieve the desired objectives can then be determined both quantitatively and qualitatively.

In order to help us streamline certain institutional weaknesses prevailing in the region, it becomes imperative to have an overview of its background and current institutional structure. The discussion under this chapter, therefore, deals with the background as well as the government administrative structure of the region that includes the regional state organs – the civil service structure, the organisation of the regional planning function and its process co-ordination, and the financial administration structure of the state of Oromia Region.

3.1. Background to the Regional State of Oromia

Oromia region extends from the central west of the country across the heart to South-eastern Ethiopia. Its estimated area of 366,910 square kilometres makes it the largest region accounting for about one-third of the total area of Ethiopia (BOPED, 1996). The region is also the most populous one with about 34 percent of the total population of the country. According to the 1994 population and housing census, the population of the Oromia region was projected to have been 19.5 million in 1996 with an annual growth rate of 2.46 percent (CSO, 1996).

Oromia region is endowed with a vast stock of physical resources. Agricultural products for export like coffee, hides and skin, pulses and oilseeds are mainly produced in this region. The potential mineral deposits of the region are not well investigated. However, currently available data from the Planning and Economic Development Bureau of Oromia (PEDB) indicate that the concentration of the mineral deposits of the region include: gold, iron, coal, platinum in west Wellega; gold, tantalum, manganese, copper, uranium beryllium, in Borena Zone, and coal, non-ferrous metallic minerals like copper, cobalt, lead and some non-metallic minerals like granite, feldspar, silica, gypsum, mica in west Hararghe. As far as its energy resources are concerned, preliminary studies have revealed that Oromia has a large energy potential from water and natural gas.

Besides, it has also considerable potential of geothermal energy in its rift valley districts. One of such potentials is the Aluto-Langano geothermal generation station, which is currently under construction. It has a generation capacity of 330 MW. Korbetti in Arsi Zone has also a considerable geothermal potential. More than a considerable part of the

hydroelectric power presently generated in Ethiopia is from the rivers flowing in the region. According to the data from the planning bureau of the region, above 97 percent of the hydroelectric power of the country at large is generated in Oromia region by Koka, Awash, Melka Wakenna, Finca, Sor and Yadot power generation plants. They together generate 365.5-mega watt energy per year. Besides, it is also a region with conducive variety of climate and relatively fertile soil due to better vegetation and forest coverage (PEDBO, 1996).

Despite the above mentioned potential resource, the population of the region suffers from serious poverty, poor health condition with high infant and maternal mortality, lack of safe water services, high rate of illiteracy and poor infrastructure and communication services. The agricultural sector that dominates the economic structure of the region provides employment for about 92 percent of the population of the region. The agriculture sector also accounts for 73 percent share of Oromia's regional domestic product (RDP) (BOPED, 1996). Owing to the problems inherent in the sector, current food per capita production of Oromia is estimated to be about 2.13 quintals per person per year. This is by far very low under the currently prevailing rapid rate of population growth in the region. The health and nutritional status of the population of the region has deteriorated markedly during the last decade. According to the 1994 Census, Oromia region, has: -

- high infant mortality rate of 118/1000,
- under Five mortality rate of 173/1000,
- Maternal Mortality Rate of 700/100,000 live births, and low life expectancy of 50.4 years indicate the seriousness of the health condition and trends.

Moreover, 77.8 percent of the region's population is with out access to safe water supply and are dependent on traditional, often impure water sources. Despite the fact that the region generates a huge amount of electric power i.e. above 1336 million kWh per year, it is a paradox, that only 64 towns (36 percent) of the 180 zonal and district capitals in Oromia region are supplied with electricity from inter-connected hydro power system (BOPED, 1996). With regard to the region's road distribution, the road density of Oromia for all weather roads is about 23 km per 1000 square km area of the region. (BOPED, 1996).

Since 1991, the Oromia regional government has tried to mobilize and co-ordinate both public and private investable resources towards improving the very poor socio-economic condition in the region. With rich resource base of the region, it has been hoped that Oromiya

would benefit much from decentralized regional development strategy and achieve fast economic growth than others. However, the past three years of transition and two years of the current federal system have not produced the desired goal. The following were the main challenges and constraints for lack of improvement in the well being of the region's people:-

1. Traditional agriculture dominated and weak economic base accounting for about 92.2 percent of its population;
2. Low productivity and income;
3. Poor saving and investment culture, and lack of local entrepreneurial spirit;
4. Poor institutional capacity that resulted in failure to effectively utilize the benefits of the current decentralized decision making power to spearhead the development of the region;
5. Lack of co-ordination and integration among sectoral development activities;
6. Technological backwardness;
7. Underdeveloped rural infrastructure;
8. Rapid and high population growth;
9. Poor participation of the community in local development programs.

Among these problems, institutional weakness, poor vertical and horizontal co-ordination and integration, and poor community participation have been the core problems to constrain social and economic development efforts of the region during the past five years (1992-1996). Hence, it can be argued that *if problems pertaining to institutional development are addressed by proper and timely measures, there will be better and relatively rapid improvement in the socio-economic status of Oromia.*

In sum, it is necessary to undertake a realistic and comprehensive research and analysis on ways of improving the performance of administrative structures and personnel so that more efficient and effective regional and local development endeavours can be realized. Hence, the assessment and analysis of these issues form the central part of this study under the remaining sections of this chapter.

3.2. Administrative Structure of the Region

The administrative feature of Oromia Region is determined in its constitution proclamation No.1 of August, 1995. The government structure of the region, as stipulated in Article 45 of this constitution, constitutes the regional government at the top ladder, zones, districts and Kebeles at local levels. In accordance with this constitutional provision, the Regional state of

Oromia is divided into 12 zones, 180 district and 6801 Kebele administrations. Moreover, the region has state organs with separated powers of law making, execution and judiciary [Article 46 (1,2,3)]. Accordingly, the regional council serves as the legislative body of the region, while the power of execution is vested upon the executive committee of the region collectively and the president of the region, separately. Finally, the power of judiciary is vested up on the courts of the region. Besides, provisions under article 55 of the constitution enable the president of the region to exercise the dominating power of decision making in the affairs of the region.

With regard to the functions of the region, article 47 provides, among others, the following to be the powers and duties of the region:-

- to formulate and implement socio-economic development policies, strategies and plans;
- to administer the lands and other natural resources of the region in accordance with the federal laws;
- to levy and collect taxes on revenue sources allocated to the region as land use fees, agricultural income taxes, taxes on income from private dwelling houses and other private properties in the region, taxes on profit and income derived from enterprises owned by the regional states as well as sales taxes; and
- taxes on profits of corporations in the region and dividends paid to their shareholders

3.2.1. Civil Service of the Region

The Bureaucracy is the brain of any government. This is, first, because any public policy is technically designed by professional experts equipped with the relevant technical knowledge and experience. It is then submitted to decision-making bodies, most of who may not have such technical acquaintance sufficiently. Secondly, it is the bureaucracy that is engaged in the actual implementation of a public policy formulated by a body of political leadership. It is also the bureaucracy that provides the services necessary for the private sector and thereby increases the role of this sector in the development endeavour of a country or locality.

Moreover, it is also the bureaucracy that serves as a link between the public at large and the government and creates, designs and recommends effective and efficient institutional structure through which popular participation can be effected. In addition, it is this government arm that designs technically the monitoring and evaluation methods for policy implementation and actively participate in the process itself. Therefore, securing civil service productivity is paramount importance for successful implementation of both national and regional development policies and strategies.

With the view to set up a strong civil service structure that will effectively implement the socio-economic development policies strategies and plans of the region, the Regional State of Oromia, has established about 17 regional executive organs (Proclamation No. 7, 1995). The bases of organization seem to be along similar functional units in the country as a whole, i.e., following ministries. The executive organs established following the reestablishment of the region include: Bureaux of Culture and Information; Education Water Resources, Mines and Energy; Public Servants Administration; Trade, Industry and Tourism; Public Health; Finance; Transport and Communication, Labour and social Affairs; Public Works and Urban Development; Disaster Preparedness and Prevention Commission; Planning and Economic Development; Agriculture Development; Justice Affairs, Auditor General; Investment Office and Sports Commission.

With later establishment of the Rural Road Authority, the Population office, and the Co-operatives Bureau of the region, the Oromia Regional State has a civil service structure constituting currently about 21 executive organs.

3.2.2. Local Administration

The local administration system in the state of Oromia Region is dictated by the provisions under article 45 of the constitution (Proc. No. 1, 1995) re-establishing the state of the region. Accordingly, the region has a three-tier local government system that constitutes zonal, district and kebele administrations.

3.2.2.1. Zonal Administration

According to article 69 of the region's constitution, a zone is an administrative unit next to the Regional State comprising a defined number of districts. A zonal administration is, moreover, an extended administrative unit with out having its own council, and hence, accountable to the executive committee of the Regional State. Thus, the administrative functions of a zone are carried out under the leadership of an executive committee whose members are assigned by the regional council up on nomination by the president.

A zone administration thus has a chairman, vice chairman and chief secretary and two other members, as per the provisions under article 70 and is charged with the following important prerogatives:-

- It shall implement the social services and economic development programmes of the zone.
- It shall draw up its annual budget and upon approval, implement it.
- It shall ensure the proper implementation of the policies, laws, directives and decisions made by the council and or executive committee of the regional state
- It shall, through its executive committee, direct, co-ordinate and supervise the activities of the districts of the Zone.

Important to note is also that the members of a zone executive committee have the power to personally and collectively direct, co-ordinate and supervise the government functions of the zone, which are mainly the power to direct supervise the activities of sector departments and other government institutions in the zone.

Moreover, it is worth mentioning that the chairman of zonal administration has an exclusive power over the political, administrative and socio-economic functions of a zone. It is stated under article 71 of the constitution of the region that the chairman of zonal administration has the power and duties of:-

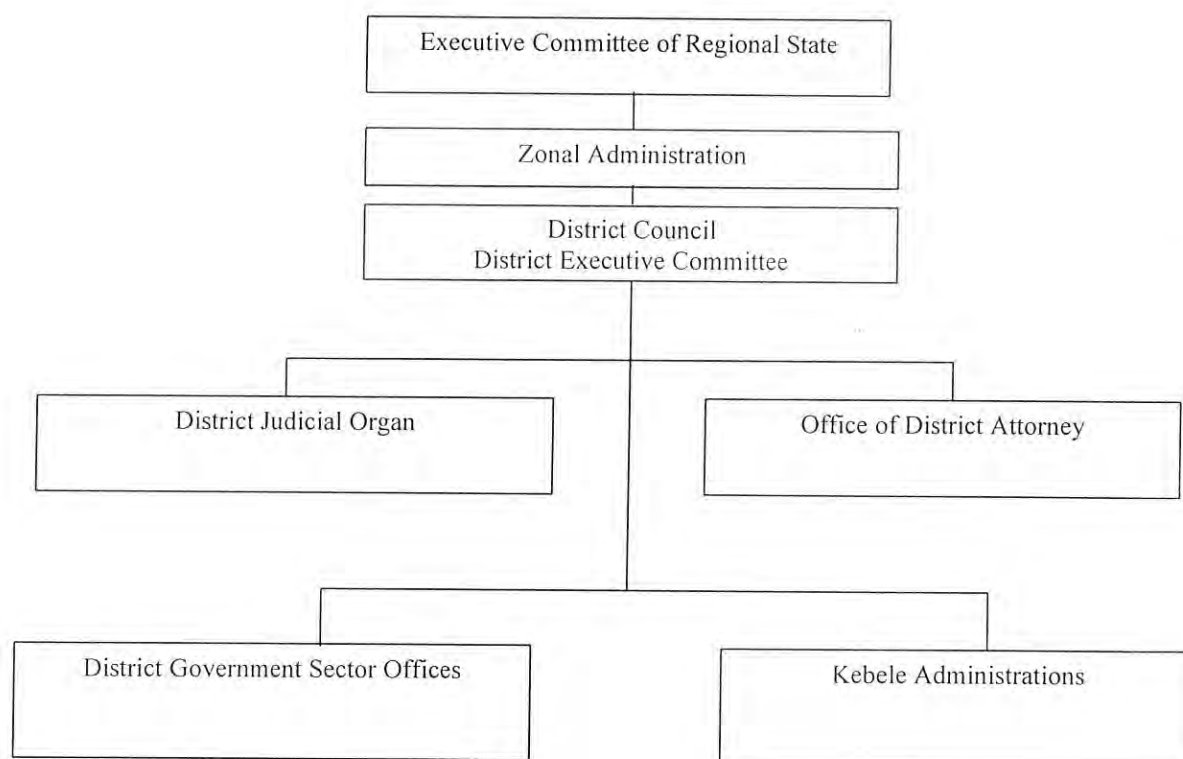
- Directing the administration of the zone;
- Co-ordinating the activities of the zone executive committee,
- Overseeing and co-ordinating the activities of the various government institutions and departments of the zone,
- directing and overseeing zonal security and police forces in the enforcement of law and order.

Otherwise, there is nothing stated in the constitution with regard to the type and scale of social and economic functions to be undertaken under the authoritative power of zonal administration. Moreover, the relationship that zonal sector department have with regional bureaux on the one hand and with zonal administration on the other has not been clearly defined. But, implicit in the constitution's provision is that zonal sector departments are answerable to the zonal executive committee and the chairman of zonal executive committee.

3.2.2.2. District Administration

Given the provisions under article 74 of the constitution of the region, a district is a local government structure that links local community administrations of urban and rural authorities i.e. kebele administrations. Moreover, districts are local governments with their own respective organs specifically, district councils, executive committees, judicial organ, office of the district attorney, district security and government offices for social services and economic development (See fig.2).

Figure 2: Organization Chart of District Council



Source: Sample District Administration offices

According to the provisions under article 75 of the constitution of the region, District Councils (DCs) have all the powers required to formulate and enforce policies on social services and economic development programmes as well as to implement policies, laws and directives issued by the regional state. Important to raise in addition is the question of the accountability of DCs. Regarding this, it is constitutionally stipulated under the same article that a DC is subordinate to a zonal administration and through it to the executive committee of the regional state

In addition, a DC, as provided under article 77 of the constitution considered so far, is granted the powers and responsibilities required over the following specific functions:-

- to administer all primary government schools in the district;
- to administer intermediate public health establishments;
- to construct and maintain lower level feeder roads in the rural areas;
- to preserve and administer basic agricultural services and natural resources;

- to collect land use taxes, agricultural products sales taxes, and similar other taxes in the district;
- to deliberate up on and approve plans and programmes with regard to social services, economic development and administration of the district;
- to mobilize the populace for development activities;
- to issue its own internal regulations and administrative directives;
- to utilize revenues other than those that fall with in the domain of the regional state and draw up its budget; and
- to issue directives to ensure peace and security in the district.

Moreover, the constitution spells out under article 74 that the members of a district council should constitute the representatives of the people in each kebele. And also, the executive committee, which is the highest executive organ of district administration, should be elected from among the members of the district council.

However, both the structural relationship and the division of responsibilities between the regional government sector bureaux, ZECs and DCs in general and with respect to the provision of primary education and public health in particular are left unclear both during transition and the current constitution of the region. Consequently, it might have been a significant source of administrative loophole in the regional and local development experience of Oromia Region since 1992.

3.2.2.3. Kebele Administration

Kebele Administration is the basic administrative echelon in the administrative structure of Oromia Regional State. Regarding its structure, it is stipulated under article 84 of the constitution of the region that a kebele administration comprises an assembly; an executive committee; social, economic and security organs as well as a social court.

Kebele Assembly (KA), according to the same provision, constitutes about 100 members who are directly elected by the residents of the Kebele. And hence, they are representatives of the Kebele residents. The KA is accountable to the electorate, the DEC and the DC.

Article 85 of the constitution of the region vests up on KAs the powers and duties to implement programmes and directives of the district and also to formulate and implement land tenure programmes in its locality with out contradicting directives issued by upper level administrative structures. Moreover, they can formulate detail programmes of actions on the proper implementation of social, economic and administrative directives issued by higher organs. Besides, they also shall initiate any other programme that may benefit the residents of the Kebeles.

3.3. Organization of the Planning Function and Its Co-ordination

Given the provisions in proclamation No.7, 1992 of the T.G.E and the current Federal Constitution of 1995, the regional states of Ethiopia are given the power to formulate, of course with in the Federal framework, their region specific development policies, strategies, programmes and plans. In order that it helps exercise this power in Oromia Region, the Regional Government has established a regional planning institution. It is this body, The Bureau of Planning and Economic Development (BOPED) that has been co-ordinating the development planning process in the region.

This section, hence, attempts to assess and examine the institutional capacity of the bureau with reference to its organizational structure and staffing relative to the weight of duties and responsibilities assigned to it. Together with, the planning process of the region, the levels involved in the process and the organizational mechanism used to initiate and co-ordinate the planning activity from local levels are also examined.

3.3.1. Organization Structure of the Planning Function

Planning, conceived from institutional point of view, is not solely a technical process and the concern of economists. But, as Jackson puts it:-

Planning is a technical and political organizational activity involving three basic elements: selecting objectives; identifying possible and practical alternative means and securing the co-

ordinated action and co-operation judged satisfactory for the realization of planning aims (Jackson, 1970)

The last aspect of this definition is of special concern as far as the discussion pertaining to 'organization structure' is concerned. Because, the task of securing the co-ordinated action and co-operation necessary to realize planning objectives mainly involves administrative and political problems in the co-ordination of planning and its implementation. More exactly, it involves problems of communication between different actors in the planning process and as well, problems of authority in guiding and influencing the present and future actions of individuals and groups involved in or somehow related to planning and development activities.

Hence, it is clear that planning is also an administrative phenomenon that weds planners to an organizational life. This implies that planners are supposed to operate within a certain organizational milieu, which can limit choice and their ability to act. The Bureau of Planning and Economic Development was established with the duty and responsibility to co-ordinate the function of development planning in Oromia Region. How this structure conditions planning and the actions of planners at both regional and local levels of administration deserves examination

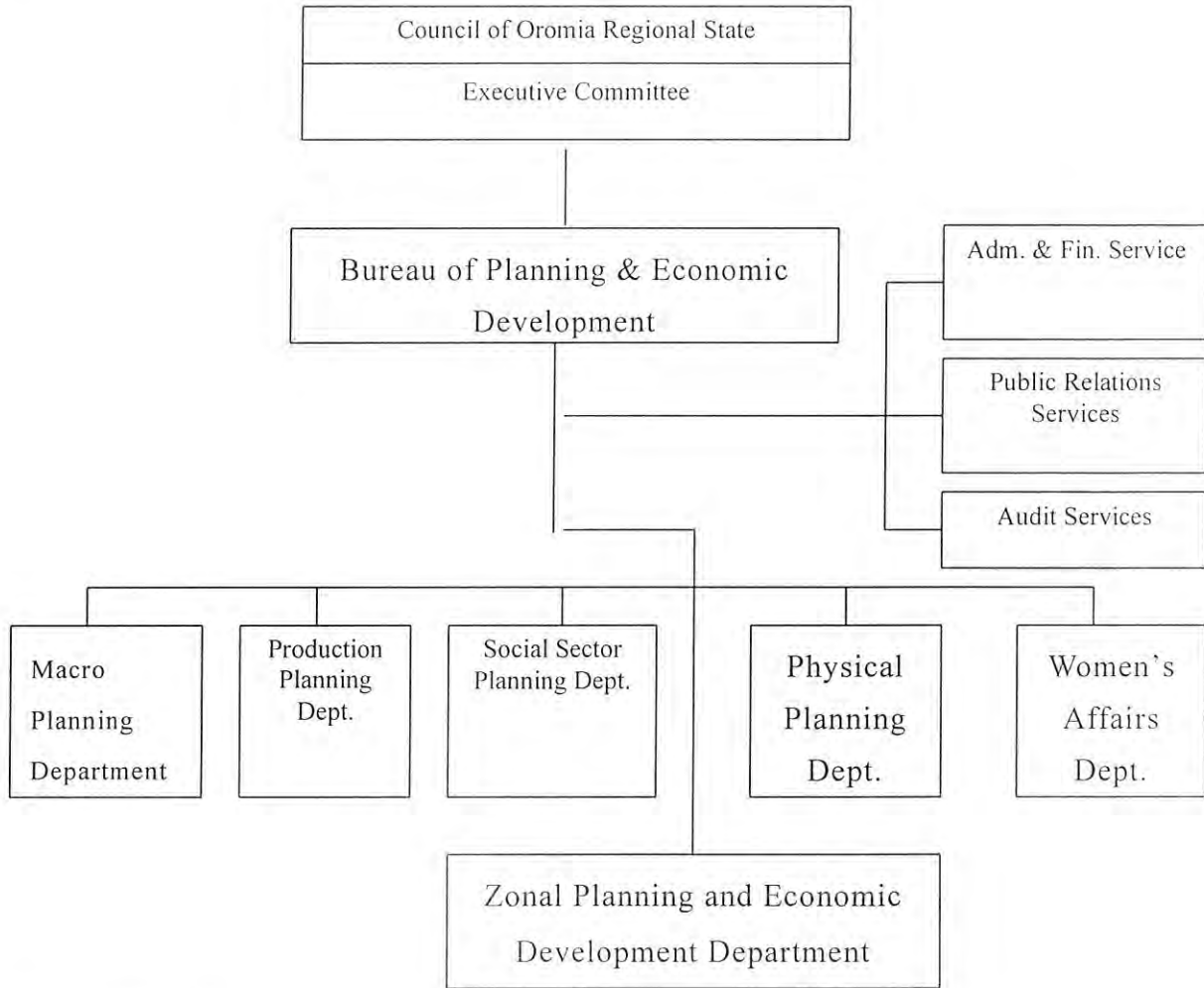
3.3.1.1. Regional Planning

The present regional planning organizational structure is indicated in figure 3. The regional Bureau of planning and Economic Development (BOPED) is divided into 5 principal departments and various sections. The departments are the macro planning, production planning, social sector planning, physical planning and women's Affairs Department. The bureau is accountable to the executive committee and the president of the region, and exercises its function of co-ordinating the preparation and implementation of development plans in Oromia Region through these departments.

Another set of structures that shall serve the purpose of co-ordinated planning are the planning units and planning officers located within some operating sector bureaux. Some sector bureaux have a planning department or service or section that is responsible for the undertaking of planning functions, particularly, for the preparation of capital projects. While the bureau of

Agriculture; Water, Energy and Mines; and the Rural Roads Authority have planning departments, Education and Health Bureaux have planning services.

Figure 3: Organization Structure of the Regional Bureau of Planning and Economic Development



Source: BOPED

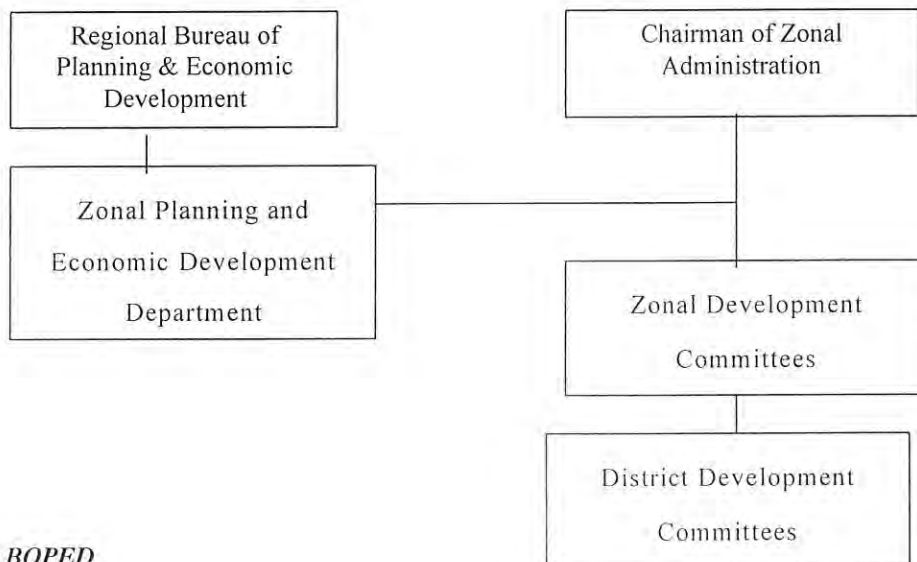
These sector planning departments or services provide some idea for the development of a shared planning concern between their own members and officers in BOPED.

3.3.1.2. Local Planning

Within the context of this thesis local planning implies Zonal and District Planning activities in Oromia Regional State. The major administrative thrust in planning during the last five years was the establishment of zonal planning departments to co-ordinate the administration and implementation of planning and guide zonal and district planning process. Zonal planning departments led by a department head usually includes a statistical and a planning team. Formally, the zonal planning officer acts as an adviser to the zonal executive committee and its chairman on development and planning matters.

The principal structures for planning and implementing development policy, apart from zonal planning departments are the zonal and district development committees. The zonal and district executive committee chairmen chair these committee meetings while the head of zonal planning and Economic Development Department (ZPEDD) acts as a secretary for ZDC. (See figure 3)

Figure 4: Local Planning Organizaion Structrure



Source: BOPED

3.3.2. The planning Process

According to information surveyed from the Bureau of Planning and Economic Development, the planning approach favoured in Oromia Region at least, in principle, is the bottom-up one.

This is, because, it is intended to secure active grass roots level participation in the development endeavour of the region just from the very beginning of its planning process.

To this effect, the Bureau of Planning and Economic Development prepared planning guidelines to help co-ordinate the preparation of the five-year development plan of the region (1996-2000). The guidelines were distributed to sector bureaux to help their planning staff initiate the preparation of their respective plans from local levels i.e. district and zonal levels. It appears that the planning guidelines reached the Zonal sector departments and district sector offices (where the sector exists) through their respective regional bureaux.

Having made such preparation, the actual planning process began at district level following the receipt of a call for plan document from the Bureau of Planning and Economic Development. At district level, planning was co-ordinated by the District Development Committee (DDC). This committee, in which district sector officers are active members are required to identify projects in each sector and rank them. This committee identifies viable projects in the locality of the district and prioritizes by sector. However, the exercise of district level planning is limited to the determination of physical targets. The cost estimate of the project targets identified by each district has been performed at zonal level by zonal sector departments. The planning activity is finalized by preparation of a plan document to be submitted to the next higher level in the planning hierarchy. Important to worth noting here is that the preparation of the plan document constitutes both sectoral and spatial dimensions.

The planning process at zonal level began with the review and consolidation of district development plans. Zonal Planning and Development Department, having first received the spatially prepared district plan document, screens and makes ready for review against the zonal sector-specific plan document to be submitted to it.

District sector-specific plan is reviewed and consolidated two times at zonal level. First, zonal sector departments, upon the submission of their respective sector district plans, review and consolidate it. This is done in such a way that their zonal sector plan is technically improved and includes project cost estimates. And second, the final zonal sector plan document is submitted to the Zonal Planning and Development Department, which after receiving both spatial and sector

plan documents review the documents against each other as well as against the estimated resource availability. It also prepare the draft of a consolidated plan to be discussed at expert level with sector departments.

The consolidated zonal draft plan, after negotiated between zonal planning departments and the zonal sector department is submitted for discussion to zonal development committee. The consolidation and submission of the plan document to the regional planning bureau finalize the preparation of the plan at zonal level. At the same time, after making some adjustment to their sector specific plans in accordance with the plan concluded by zonal development committee, zonal sector departments also submit their plans to their respective regional sector bureau.

The regional level planning process begins in the bureau of planning and economic development by the review of zonal spatial plan documents. Similarly, regional sector bureaux review and consolidate their respective zonal plans and submit the consolidated plan document to the bureau of planning, which undertakes the final screening of sector plans against the expected estimate of available resource and the zonal spatial plans submitted to it from zones. The consolidation of the draft plans gets finalized through successive discussions and negotiation with sector bureaux. The plan document is then submitted to the executive committee of the region for final discussion. Each regional sector bureau justifies its respective plan at the desk of executive committee meeting chaired by the president or vice president of the region. At this stage, each sector may also present any claims of disagreement.

The preparation of the five-year plan got finalized after being compromised. At the end, the development plan of the region was finally approved by the general assembly of the regional council. The regional government of Oromia submitted the approved five-year Development plan to the office of the Prime Minister and the MEDAC.

According to the discussion made with both regional and zonal concerned institutions in the region the value attached to the plan varies. Some sectors claim that the plan is valid while others argue that it is invalid. Those sectors claiming the invalidity of the five-year plan of the region raise that performance failed by far behind the plan in terms of targeted out puts as well as time scheduled. Therefore, they argue that implementation proved to have failed to

compliance to the plan. And, they tend to conclude that the plan fell short of compliance. As a matter of fact, the plan has not been updated since then.

In a nutshell, it appears from the discussion so far that the preparation of development plan in Oromia Region is of two dimensional, that is, sectoral and spatial.

3.3.3. Staffing

Swerdlow (1963) underscored that blue prints and organization charts remain meaningless fantasies unless manned by a corps of trained manpower equipped with the knowledge and resources to translate programs and policies into accomplishments and deeds. The idea is that organization structures can not be viewed inseparably from the objectives and capacities of those who use it. Hence, staffing, as a mechanism to allocate available man power to the different hierarchies in an organization structure through recruitment, transfer, placement and promotion is an issue central to the strengthening of an institution for development planning function . In other words, the way a planning institution is staffed and organized together with other related issues determine the effectiveness of both the process and implementation of the development plan to be effected through its co-ordination.

With regard to the staffing of the Bureau of Planning and Economic Development, its approved structure has 36 professional posts. However, only 26 posts are actually staffed. At zonal level, each planning and economic development department has an approved manpower of a total of 26 staff, of which 10 are positions for planning technical professionals. But, the current actual staffing of zonal planning and economic development departments is revealed to be about 6 to 7 professionals on average. In some zones, like Arsi, the planning department is actually staffed by only 5 professionals including the department head. This implies that zonal departments are understaffed. The situation is exacerbated by lack of resources such as vehicles available to them. Moreover there are no planning offices at district level.

As far as sector-planning capacity of the region is concerned, there is variation. That is, while some sectors such as the Bureau of Agricultural Development, have large planning section, others have a poor planning capacity. In most cases, sector-planning sections are understaffed

relative to the approved structure. Moreover, some sectors such as health have a staff of planning only at regional bureau level, while others have a staff at zonal level. The Bureau of Agricultural Development is the only sector bureau to have approved planning staff at district level, however, it is actually manned by a few. The summary of the staffing position of planning in regional sector bureaux is depicted in Table 2 that follows.

Table 2: The Staffing of Planning Sections in Regional Sector Bureaux

Sector Bureau	Number of Planning staff					
	Regional bureau		Zonal department		District office	
	Approved	Staffed	Approved	Staffed	Approved	Staffed
Agriculture	14 professional	9	8	Average 4	4	Average 1
Education	7 Professional Staffs	3	-	-	-	-
Health	6 Professional staffs	3	-	-	-	-
Rural Roads Authority	5 professional Staffs	4	a planning section with 3 professional staffs	-	-	-
Water, energy and mines	14 Professional staffs	11	-	-		

Source: MEDAC, Assessment Report, 1997

To sum up, from the assessment made so far it appears that the experience of Oromia Region in the process of development planning and its administration has both strengths as well as weaknesses. The strengths to deserve appreciation for the purpose of this thesis are the attempt made to encourage bottom-up planning, the use of planning guideline and provision of technical support to district level sector offices as well as District Development Committees by Zonal Sector Departments and Zonal Planning and Economic Development Departments respectively.

The fact that sector experts of both levels are the members of these committees is also hoped to create fertile ground for professional and expertise dialogue and discussions on problems related to planning and its implementation. And hence, it also effects commitment for compliance there by facilitating effective and efficient co-ordination of development planning in the region. However, available data and information from the Bureau of Planning and Economic

Development revealed that the following problems have constrained both the realization and implementation of action-oriented development planning in the region. These are:-

- Shortage of planning technicians at district level sector offices,
- Poor technical capacity of ZPEDDs to exercise the burden of co-ordinating planning activities at zonal and district level,
- The fact that activities of planning at district level is limited to the determination of physical targets may, perhaps, make district development plans more of ambitious, unrealistic and hence difficult to integrate in both zonal and regional development plans.
- Both district and zonal plans are prepared without pre knowledge of expenditure ceilings. As a result, they proved to be more of ambitious.
- Moreover, the plans fail to embrace perhaps, the most important agents of development i.e. the development activities to be undertaken by the private sector and the communities themselves. The planning process and its institutional system also failed to consider the participation of NGOs.

3.4. Fiscal Administration Structure

Fiscal Administration, in this discussion, deals with the formulation of financial allocation policy to public or state activities as well as the administration, control and evaluation of its implementation. In broader terms, fiscal administrations as can be paraphrased from Ayele (1987) include: -

- Budgetary system management
- Tax administration
- Both vertical and horizontal 'financial equalization'
- Assessing the effect of all public expenditures on the economy and on society in order to make necessary adjustments in the allocation of funds.
- Development of fair tax structure

The fiscal situation of developing countries, in which Ethiopia is also a case in point, is often characterized by the dual problems of scarcity of funds and misappropriation of those which are available(Ayele, 1987). It is also asserted by this same writer that the allocation of available funds and as well as the proper utilization and control of them calls for the creation of a good

planning and administrative structure as well as the decentralization of financial decision at all levels in the structure. Because, this writer argues, each institutional or regional and local unit engaged in development functions effectively furthers the causes of development and realistically shoulders its accountability only when a fair amount of financial resource (commensurate with the requirements) are placed under its control.

It appears that the realization of effective decentralized regional development is possible only with fair decentralization of fiscal decision making power sufficient enough to enable regional units as well as their respective local administrative units to exercise the political, administrative and economic decision making powers devolved to them. The application of such fiscal decentralization is practically realized when the different levels of regional units develop their own financial policies (of course within the framework and constraints placed by the higher bodies or the national government) and exercise budgetary controls of their own.

This implies reassignment of existing sources of revenues and creation of new sources including raising of regional taxes and other forms of revenues as well as receipt of public funds through a system of vertical and horizontal "financial equalization."³

The benefits of a self-controlled budgetary system for regions lies in the steadiness and effectiveness of discharging responsibilities and in the real accountability of those in charge of development functions. Put broadly, financial polices of the type discussed above are believed to bring about a spatial redistribution of population and economic activities through intra-regional and interregional movements, stimulation of economic growth in increasingly more regions and exploitation of available resource potentials.

Together with the decentralization of development management along the current regional structure, successive supportive micro-policies that are believed to help materialize effectively the very objectives of such decentralization have been attempted to be undertaken since

³ Allocation of funds to regional units or with in a region, to local units or institutions faced with financial hardships to discharge their responsibilities, by other regional units or with in a region, by other local units or institutions (horizontal financial equalization) or by the central government or regional government or any other higher body (vertical financial equalization) to make up for any deficiency.

transition in 1991. Among others, important to note in this particular discussion is the decentralization of certain fiscal decision making power that is stipulated in proclamation No. 33 /1992 and latter readjusted and enshrined in article 97 of the Federal constitution of August, 1995.

According to the Federal constitution article 97 and revenue sharing proclamation No. 33/1992, regional states are charged with the power to levy taxes on and collect their revenue from such sources as: personal income tax of their respective employees, rural land use fee, agricultural income tax of private farms and agricultural co-operatives, profit and sales tax from privately owned enterprises, profit tax from individual traders, rent from house and properties owned by the regional government, and fees on licenses and services rendered by the regional governments, royalty payments from forest products and son on.

Moreover, regional states are also given the power to study new revenue sources and make necessary arrangements that enable them use it. On top of this, the administration of finance and resource allocation to different developmental purposes as well as the control and evaluation of its utilization are left to them. What has been the experience in the regional state of Oromia with regard to the exercise of these powers? The following discussion attempts to assess the fiscal administration practice of the region from the point of view of structural arrangements for revenue and expenditure management, the budgeting process and the control and evaluation of its utilization.

3.4.1. Structural Arrangement

Structurally, the fiscal administration of Oromia Region can be seen from two respects: - from revenue collection and expenditure management. The management of expenditure is in turn, structurally arranged on the base of recurrent expenditures and capital expenditures.

Accordingly, it is solely the regional Bureau of Finance (BOF) that is charged with the duties and responsibilities to collect the revenues of the region, prepare and execute recurrent expenditure, and enforce financial rules and regulations in the region. With regard to the capital expenditure, however, it is not only the Bureau of Finance that is responsible for its preparation

and execution but also the Bureau of Planning and Economic Development. In other words, the former bureau, in close co-operation with the latter, prepares an annual fiscal plan as well as capital expenditure budget and executes them. The executive committee of the region was also involved in the exercise of these duties through provision of guidelines and close follow-up.

The fiscal plan, a yearly plan often prepared during the period between January and March of the preceding year, is finalized up on having known the details of the Federal subsidy. The plan includes:- an estimate of revenues to be raised from sources reserved to regional governments, estimate of the federal subsidy, allocation of expected revenues and federal subsidy between capital and recurrent expenditure, and estimate of external loans and assistance.

It is the Bureau of Finance that undertakes the duty of making an estimate of the revenue to be raised for the region from the sources reserved to the government of the region. This bureau also makes an estimate of the federal subsidy (the difference between the federal ceiling allocated to the region and the revenue generated by the region). But the allocation of expected revenue as well as the federal subsidy between capital and recurrent expenditures is performed in close co-operation with the Bureaux of Planning and Economic Development and the executive committee of the region. It is the Bureau of Planning and Economic Development that carries out the estimation of external loans and assistance to the region.

3.4.2. The Budget Process

The process and institutions involved in the preparation, appraisal and allocation of the regional budget can be seen from capital and recurrent sides of expenditure requests.

The process of capital budget preparation starts at zonal level by sector departments that have capital projects under them. However, district level sector offices having capital projects also participate in the process through preparing only the physical plan of the projects to be undertaken under them. Zonal sector departments perform detailed design and costing. The budget proposal for larger projects affecting more than one zone, or projects such as urban water supply are designed and cost by the concerned regional sector bureaux. While zonal planning

and economic development departments undertake the appraisal of new project proposals, it is the zonal development committees that approve the proposals.

At regional level, the Bureau of Planning and Economic Development appraises new projects initiated by sector bureaux. It also reviews the capital project budget proposals submitted to it from zonal planning and economic development departments to ensure its consistency with the proposals from the sector bureaux. That is, it ensures that the expenditure proposals from sector bureaux reflect the needs and capacities of different zones and districts. It also adjusts the capital budget proposals in such away that they become consistent with the expenditure ceiling provided under different scenarios and submit to the executive committee of the region

In due course, there is a preparation of recurrent budget co-ordinated by the Bureau of Finance. In contrast to the capital budget, there is no process of consolidation at zonal level. This bureau reviews the submissions of recurrent budget proposals and, together with the capital budget submitted to it by the Bureau of Planning and Economic Development as well as its revenue plan, submits to the executive committee of the region.

The executive committee, at its meeting for budget hearing, gives final decision on both the capital and recurrent budget to be recommended to the regional council for approval. Finally, up on recommendation by the executive committee, the regional council in accordance with section 14 of the Financial Administration Regulation of the region gives final approval to the budget proposal in early July of the budget year.

After the approval of the regional budget by the Regional Council, the allocation of the budget to zonal sector departments is carried out by their respective Regional sector Bureaux up on the notification of the Regional Bureau of Finance. The Bureau of Finance, up on the submission of the budget breakdown by the sector bureaux, advises the zonal Finance Departments of their zonal budget allocation up to August 15 of the budget year. In the mean time, monthly release of only recurrent expenditures are made based on 1/12th of the budge allocation for the preceding year as a means to adjust for the time gap created until the actual release of this year's budget becomes operational at the approved level.

However, it was revealed during the field observation in the twelve districts of the six sample zones that the release of the recurrent budget at its approved level has never been realized until as late as May of that fiscal year. Moreover, the preparation of both capital and recurrent budget rightly at district level has been handicapped due to lack of reliable technical capacity of the staff that carries out the task. Therefore, as remedy to this problem, the preparation of district budget, both capital and recurrent expenditure, has been undertaken by zonal level sector departments. It appears that the process left districts to remain passive recipients.

As a result, the budget approved for districts often failed to meet even their fair demands of additional manpower recruitment and transfer, per diem and other operation expenses. This is revealed in the fact that almost all sector offices including the office of Finance at district level are suffering from shortage of manpower for they are unfairly understaffed. It is suffice to cite as an example that while their approved structure is for 35 staffs, district finance offices have an average of 3 to 4 staff alone. The result of informal discussion made with various concerned officials in six sample zones indicate that the authority and responsibility for attracting new employees through hiring or transfer from other sources has been revoked from district and zonal levels. This was practised even for employment levels under their discretion by virtue of the regional personnel regulations.

Needless to state, the offices of both district and zonal administrations have been among those institutions whose administrative efficiency and effectiveness has suffered a lot due to intolerable shortage of fairly skilled manpower. In addition, most of their recurrent budget proposals, particularly, for the employment of additional manpower proved to have often been rejected by the higher bodies.

On top of this, the process involved in disbursement or budget release is designed in such a way that the Finance Regulation requires higher officials to justify even small expenditures. As a result of this centralization of fiscal power by the Bureau of Finance and the Regional Executive Committee, major economic and welfare activities are often seriously delayed. Certain effects of such institutional structure on the efforts of socio-economic development in the region during the past five years covered by this study are the object of discussion under the next chapter.

CHAPTER 4

DEVELOPMENT PERFORMANCE OF THE REGION

Within the government structure of the region discussed in the preceding chapter, there have been various efforts of socio-economic development made in the Regional State of Oromia since 1992. The discussion of this chapter focuses on examining the performances of these efforts in improving the socio-economic development condition of the region in general and that of its people in particular.

4.1 Economic Development

The economic development of a region is conditioned by, among other things, up on its human and non human resources, the economic structure, the capacity and vigour of the economy, both national and regional government policy, and actions, and aspiration of private decision makers.

As far as economic structure is concerned, an income account assessment made by Bureau of planning and Economic Development shows the significant role of the agriculture sector. Accordingly, the sector accounted for 73 percent of the Regional Domestic Product (RDP), while industry and service sectors accounted for 10 and 17 percent respectively in 1995/96. During this same year, RDP grew by 6.8 percent which is comparable with the 7 percent GDP growth registered for the country at large (BPED, 1996).

The regional income account also indicates that there was relative improvement in the per capita income of the region in that it grew from Birr 600 in 1993/94 to Birr 676 in 1995/96. (Tamene, 1996).

4.1.1. Agriculture Development

According to the 1994 population and housing census report, the agriculture sector provides employment for about 92 percent of the population of Oromia. In addition to food crops, the sector is also the major source of raw material supply for the industries of the country. Moreover, the major export commodities of the country like coffee, hides and skin, and oil seeds and pulses come from this sector. Despite its role in both the national and regional income accounts, the sector has been performing poorly. Sector output and yield (production Per unit of input) has been very low due to backward farming practices, unfavourable weather changes, low level of investment and low technological improvement in the sector. The sector's national average growth rate over the past decade (during the 1980's) has been 0.4 per annum, indicating that the food production which is mainly for domestic consumption grew by far short of the rate of population growth (Eshetu, 1989).

Taking into account the agriculture sector's significant role in the economic structure of the country, the present government started liberalizing the economy and adopted an Agricultural-Development-Led-Industrialization development strategy (ADLI) since July 1992. The primary goal of this strategy is to improve the productivity of the sector.

Accordingly, the Regional State of Oromia has also made considerable effort to effectively implement this strategy of development in the region. Important to mention in this regard are the efforts made to improve the agricultural input usage of the small peasant farmers through agricultural extension program (AEP).

4.1.1.1. Trend of Technological Inputs utilization

According to the data from the Agricultural Development Bureau of Oromia, the amount of improved seed provided to the farmers of the region in 1993/94 and 1994/95 was 2.5 and 2.4 kg per farmer respectively. The data from this same source and that from CSA (1996) also reveal that the total area covered by improved seed was insignificant and was only a little above one percent in 1995/96. The area covered by inorganic fertilizer was one-third of the total crop area of Oromia (Tamene, 1996).

In 1996, according to the data from BOPED (1996), the distribution of fertilizer in the region increased three folds compared to the level it was in 1993. However, the level of the fertilizer used by peasant farmers is still very low.

4.1.1.2. Food Crop Production and its performance

Oromia Region is the largest producer of food crops in Ethiopia. The region accounts on average for 45 percent of the area under cultivation while producing almost half of the major crops of the country in 1995/96 (see table 2). According to CSA (1996) estimates, the total area and production of major crops of Oromia Region, in both *mehr* and *belg* seasons was 4,145.3 thousand hectares and 52,549.45 thousand quintals with mean yield of 12.68 quintals per hectare

Table 3: Percentage Share of Oromia's Area and Production of Major Crops in the Country (1979/8-1994/95)

Crop Type	Area				Production			
	1979/80 - 1981/82	1982/83- 1985/86	1994/95	1995/96	1979/80 - 1981/82	1982/83 - 1985/86	1994/95	1995/95
Cereals	45.8	46.2	45.5	46.5	49.5	50.0	51.2	51.5
Pulses	37.3	38.9	38.9	38.5	37.3	39.7	41.2	47.1
Other	40.5	31.2	51.2	48.4	48.6	42.3	64.2	40.2
All Crops	44.4	45.0	45.1	45.7	47.7	48.7	50.3	50.9

Source: CSA, 1996; BPED, 1996

As depicted in table 2 above, Oromia Region accounts for about half of the production of cereals, 47 percent of pulses and 40 percent of other crops in Ethiopia. Moreover, the percentage share of the region in the country's cultivated area and production of major crops has slightly been increasing since 1979/80 mainly due to relative increase in the area of cultivated land. that is, expansion than intensification.

The area and production of major crops in private peasant holding has also been increasing on the average by 1.2 percent and 1.0 percent per annum respectively between 1987 and 1995 (BPED, 1996). This shows that the food production increased at the rate less than area expansion, and hence, the performance (productivity) of the sub-sector still has been low. The data from this same source reveal that the over all yield of major crops for 1995/96 increased by 16.5 percent over the preceding year (1994/95). However, it is still by 5 percent lower than the 1990/91 level (BPED, 1996).

4.1.1.3. Coffee Development

Coffee is the major export item of the country, accounting for about 60 percent of its export earning, 25 percent of employment and 10 percent of the government revenue of Ethiopia (MPEC, 1995).

It is estimated that the country has 321 thousand hectares of coffee plants that produce 1.3 to 1.8 million quintals of coffee per annum (Tamene, 1996). According to the data from the Coffee and Tea Development Department in the regional Bureau of Agriculture, from this, Oromia accounts for about 78 percent in area coverage, 70-80 percent of the total coffee production and 45-50 percent of the amount of coffee delivered to the central market. From this, it is understandable that despite its larger share in both land coverage and volume of production the volume of coffee supplied to the central market from the region is low. This has, perhaps, been due to the high local consumption of coffee. More over, significant portion of the produce may have also been informally traded to the neighbouring countries.

Of the 180 districts in Oromia Region, 42 districts in six zone are known for their coffee production. Studies indicate that, in these districts there are about 215 thousand hectares of coffee plantation. This indicates that the 42 districts alone account for about 85 percent of coffee plantation in the region. Moreover, 86 percent of the region's marketable coffee to the central market comes from these districts (BOAD, 1996). This implies that the 42 districts of the region have ample potential to specialize in coffee production.

In terms of zonal coffee production distribution, Jimma, West Wellega and Illubabor are the leading coffee producing zones of Oromia region. They together share, as of the 1992/93 data from the agricultural development Bureau of the region, about 70 percent of the coffee plantation (area) and 68 percent of the coffee marketed to the central market from the region. In addition, there are minor coffee plantations, production and marketing activities in other zones of the region as well.

In order to improve the productivity of peasant coffee in highland medium producing districts there is coffee development extension program that provides an integrated services of manpower, capital and modern technological inputs. An extended coffee improvement project (CIP), financed by EEC, and currently coffee extension program are operating and providing coffee development services in six zones and 42 districts of the region. Out of the 42 coffee producing districts in Oromia 13 districts are covered by coffee improvement project (CIP). The remaining districts are covered by peasants' coffee development extension programme (BoAD, Annual report, 1995/96).

Despite this attempts, however, the yield of coffee from the peasant farm that accounts for the larger share, has remained low ranging from 4.7 quintals per hectare for old coffee to 6.7 quintals per hectare for pruned coffee farms (BOPED, 1996).

4.1.1.4. Livestock Development

Livestock plays significant role in the economy of the region in general and the farming households in particular. They provide food (milk, meat, egg, etc), draught power (for cultivation and transportation), and serve also as means of security and saving. They also have prestige value, as an indication of status and wealth in the society.

There is no recent livestock census result to indicate the exact number of livestock population in Oromia Region, and also for the country at large. However, an estimate from the Agricultural Development Bureau of the region shows that there has been about 34 million heads or 20.8 million Tropical Livestock Unit (TLU) in the region in 1995/96. Moreover, there were also about 12.3 million poultry under the holding of the peasants.

Accordingly, the region holds about 47.7 percent of the cattle, 40.6 percent of the sheep and 36.3 percent of the goats stock of the country in 1995/96. The same estimate has indicated that the proportion of Oromia's share from the country's total stock of horses, donkeys, mules and camels is about 58.0, 44.4, 36.9, and 53.2 percent respectively. In general, the region has the highest share in the livestock holdings of the country, except for goats and mules.⁴

Despite such vast livestock potential and the high prevalence of animal diseases in Oromia, there is inadequacy of veterinary services in the region. The data from the Agricultural development Bureau reveals that in 1995/96 there were 131 veterinarians, 239 assistant veterinarians and 675 vaccinator giving veterinary services in 90 live stock clinics. This puts the ratio, one veterinarian to 159970 veterinary livestock units (VLU) and is by far below the recommended standard ratio of 1:20,000 VLU. Moreover, one clinic provides services to 232840 VLUs or cover 4100 Km² area. In general, the existing manpower can serve only 49 percent of the region's livestock population. These indicators reveal the limited availability of veterinary personnel, clinics and facilities in the region. Consequently, there is poor and inadequate coverage of veterinary services. In addition there are shortages of medicines, veterinary implements ,transport and budget to improve the accessibility and quality of veterinary services in the region (BPED, 1996).

4.1.1.5. Major Agricultural Development problems.

Despite the efforts made during the study period to improve the productivity of the sector through extension services, the level and degree of production technologies used to boost production has made insignificant contribution towards that effect. Various reasons can be cited to have been responsible for the ineffectiveness of the extension program in the region. Among others, it is firstly because, the distribution of production technologies is not based on need assessment of the peasant farmland in the various heterogeneous ecological zones of the region. That is, the distribution has been undertaken with the assumption that all the peasant farm lands in the region equally need to use technological inputs (like fertilizers, improved) seed, and

⁴ Agricultural sample survey 1995/96: Report on Livestock, poultry and Beehives
population, Statistical bulletin 152, Addis Ababa, June 1996

pesticides etc) to improve its productivity. With such mistaken assumption, farmers in zones with relatively better natural fertility of land such as Iluababor Jimma, and Wellega were advised or even compelled to use technological inputs equally with the farmers in Eastern Showa, Arsi, East and West Hararge. The fact that there is variation in the technological input need of farm lands from locality to locality even within the same zone and district has not achieved due consideration.

According to the interview responses of the technical experts in the agriculture bureau, this is due to the fact that the extension program has been conceived as a political program than agricultural development program. As a result, it is as dangerous as to loss one's job to try to speak of the problem inherent with it. Therefore, every expert had better rush as fast as possible for its application by as larger number of farmers as possible in the whole corner of the Region. For this reason, available scarce manpower and other resources could not be allocated in accordance with the need of the peasant farmers in the region. Consequently, while there are peasant farmers whose demand for production technological inputs remained by far unmet, there are also farmers who have been forced to use these technological inputs with out their will. By and large, the region's agricultural condition has been in characterised by low and inefficient supply of farm inputs; weak extension services to the farmers; low level of conservation; shortage of oxen and poor experience in irrigation development (BoAD, 1996).

Moreover, the sector has been constrained by weak linkages between research and extension, in adequate capacity and number of research centers with the size of the region, poorly developed extension system due to shortage of extension workers, inadequate training, lack of follow up, monitoring and evaluation to improve the quality of extension services. Poor integration of the extension activities by different institutions has also created some confusion among farmers and limited the adoption or acceptance of the service. In addition, lack of transport and rural infrastructure facilities has hampered the movement of extension services, farm inputs, technologies, information and rural-urban linkages. Besides, lack of adequate market and rural credit services, lack of land use planning and low level of community participation in local development have also restrained the effectiveness of agricultural development effort in the region (BPED, 1996).

4.1.2 Water Resources Development

However there are ample water resources and potentially irrigable land, irrigation activities have not been well developed in the region. Moreover, the potentially irrigable land of Oromia is not yet thoroughly studied and identified. According to the preliminary water resources development master plan study (WAPCO, 1989) the irrigation potential of Oromia is estimated to be 759 thousand hectares. Among these only about 82,667 hectares or 11 percent is developed under large and small-scale irrigation schemes. Nearly 70 percent of the large-scale irrigation development is found on Awash River.

As of the data adapted from the same source for Oromia Region, the irrigation area that can be developed at farmer's level is estimated to be 327 thousand hectares. Up to the end of 1996, 133 thousand farm households (BOWRD, Annual Report, 1996) irrigated about 44 thousand hectares of this potential. Even these few irrigation practices are limited in East and West Hararghe, Arsi and East Showa.

The major reason for under utilization of the irrigation potential of the region is poor technical capacity and know how of the peasant farmers to adopt and use irrigation. The extension service has also been poor, and as a result only few farmers have adopted the irrigation technology during the last five years and before. On top of this, even the efforts made towards the development of this sector since 1992/93 has not been effective due to low community participation in the design, operation and maintenance of the irrigation projects; shortage of machinery, vehicles, absence of a policy framework to legitimize the irrigation co-operatives so far established as well as those to be established in the future and poor access to those areas far from the main roads.

Adequate supply of water is not only vital for the survival of human being, but also contributes significantly both to the prevention of diseases and improving the health status of the people. The degree of the accessibility of quality and adequate water supply is, therefore, also used as an indicator of the socio-economic development condition of a country or a region within a country.

In this regard WBS Baseline Survey result (1994 and 1995) revealed that of the total housing units of the region only 76.3 percent of rural and 15.8 percent of urban population have no access to potable water in 1995. This implies that it is only 22.2 percent of the total population of Oromia Region that have got access to potable water. Where as, 77.8 percent of its population have no access to safe water in the same year.

In an effort to improve the accessibility of safe water supply to rural areas there were about 2468 rural water supply schemes established. However, an assessment made by the population office of the region (1995) revealed that 20 percent of these rural water supply schemes were not functioning in 1995 due to lack of timely repair and maintenance, poor organization of community water management, shortage of spare parts and lack of logistic support

4.1.3. Manufacturing, small and Medium Scale Enterprises

In the region there are 41 state-owned manufacturing establishments under the control of the central Government. These government owned industries include 14 sawing mills, 11 food processing, 7 beverage, 2 textile, 2 tannery, 2 cement and limestone and 1 soap factory (BOITT, 1995). According to the data from this same source, there were 3,773 small and medium scale industrial establishments in the region in 1995/96. These establishments provided employment for 2,563 people and were operating with a total capital of Birr 224.6 million.

As far as their structural distribution is concerned, the majority (about 91 percent) of the establishments fall under food processing and account for 63 percent of the total capital in the sector. Furthermore, grain mills in terms of both number and capital share dominate even the food-processing establishments. That is, grain mills account for 84 percent of the total number and 48 percent of the capital share of industrial establishments of the region up to the end of 1995/96.

With respect to their geographical distribution, however, these establishments are concentrated in the central Oromia region around the capital city owing to the favourable infrastructure and market avenues i.e. economies of scale. Moreover, the small-scale establishments are even concentrated in three zones namely East Showa, Arsi and Bale. Specifically noting, East Showa

alone constitutes 27 percent of the establishments, 31 percent of the capital and 32 percent of the manufacturing employment of the region. It is followed by Arsi and Bale (BOPED, 1996).

Thus, unless redirected through policy instruments, the current trend of industrial development in the region will tend to accelerate the growth disparity that has been characterizing the country at large and the region in particular. And hence, it will also prove to perform against the very objective of regional and local development among others, which is also meant to alleviate growth disparity between and within regions of a country.

Moreover, the handicrafts that is believed to be the basic economic unit of small scale industries seem to have been denied due consideration. This sector that was the concern of HASIDA⁵ during the *derg* regime has currently been diminishing from time to time. Most of the handicraft co-operatives, which were organized by HASIDA, have been dismantled due to lack of policy concern, institutional and technical support from the regional government.

4.2. Social Services Development

As far as the recent notion of development is concerned, the performance of any government is not only evaluated in terms the effort it makes to improve the performance of its aggregate economy but also against its endeavour to improve the real distribution of the out puts of that economy as well as the quality, coverage, and accessibility of social services (like education, health, transport and communication etc). The very objective of regionalizing development decision making power down to regional and local levels is also the belief that this strategy would best serve to materialize efficiency, popular participation and equitable distribution in both the efforts and outputs of development.

The concern of this section is, hence, to assess and examine the efforts made to improve the quality, coverage and accessibility of social services, among others, education, health and transport and communication services in Oromia Region during the years 1992/93 to 1996/97.

⁵Handicrafts and Small

Industrial Development Agency.

4.2.1. Education Service

Education, as the best means of human resources development is a basic impetus in societal and regional development.

The 1994 census results indicates that in the region 78.4 percent of the population aged ten years and above never attended school and are illiterate. Only 22.4 percent of this section of the population are literate. The corresponding figure for urban and rural area is 68.05 and 16.41 percent literate respectively.

The education policy mainly emphasizes on the provision of basic primary education to all citizens freely and equitably. The strategies devised to achieve the stated objective are expanding basic education services particularly in rural communities, producing education materials and training of teachers in the region, locating schools or community education centers within a walking distance of beneficiaries, strengthening partnership between the government and communities for the expansion and sustainable development of educational institutions, and raising the efficiency and quality of education service (BOE, 1994/95)

With regard to the organization of education service in the region, the data from BOE (1994/95) indicate that the education and training system of the region can be divided into four institutional components:- the formal, non-formal system, teacher training and educational support services. With regard to the coverage of the services, the data from the concerned bureau indicate that there were 164 pre-school centers (kindergartens), mostly located in urban centers in 1995/96. Moreover, there were 351 teachers, making the children to teacher ratio 41 to one. Private entrepreneurs, NGOs and religious organizations run most of the establishments. Nearly half of the children in pre-school education and kindergartens in the region are concentrated in three zones: - Jimma, Illubabor and East Showa. Nonetheless, most of these kindergartens are below standard with poor quality of service (BPED, 1996)

In an effort made to improve the accessibility of education services in the region the number schools established has increased from 3521 in 1991/92 to 4304 in 1995/96 (BOE. 1996). This

implies that the number of schools has increased by 12 percent during the period between 1991/92 and 1995/96.

However these efforts were not significant enough to bring considerable change in the school participation rate of the region as well as to cope up with the increasing demand that the rapidly growing young age population of the region effects. While the primary school gross enrolment ratio (School participation) of the region was 28 percent, the net enrolment ratio was as low as about 10.8 percent. This indicates that most of the children of the region are late school beginners. This low enrolment rate moreover, depicts the limited opportunities and access available to primary education.

4.2.2. Health Service

The general health service of Oromia in 1996 includes 25 hospitals, 63 health centers and 896 health stations/ clinics with potential to provide services. About 60 percent of these health institutions are owned by government (BOH, 1996). According to the same data source, the geographic coverage of the health services of Oromia region has reached about 43 percent in 1995/96. However, real access to health services is much lower due to various reasons. Moreover, there were about 5068 medical personnel providing their expertise to the needy in 1996.

An assessment made by the Bureau of planning and Economic Development in 1996 revealed that the services rendered by these institutions are inadequate and below their capacity. It is also asserted that weak logistics and infrastructure support, inadequate operating budget, poor allocation of health staffs to various health care units, poor health service planning, organization and management are the factors that significantly worked behind the inefficient performance of health institutions in Oromia Region (BPED, 1996). Moreover, the far distance location of these institution from rural population coupled with lack of road transport facilities seriously limit real access to health units in the rural areas. It is, therefore, worth noting that the real access to health services in Oromia Region is less than 43 percent.

Do these efforts significant enough to justify that the Regional State of Oromia has been effective and efficient in materializing the very objectives of its establishment? The discussion of the next chapter attempts to give possible answers for this question.

CHAPTER 5

EFFECTIVENESS AND EFFICIENCY EVALUATION OF CURRENT DEVELOPMENT EFFORTS IN THE REGION

5.1. Effectiveness of the Current Development Efforts

The effectiveness of regional development effort can be seen from both national and regional perspectives. In both perspectives, the points of references (evaluative criteria) to be applied are in most cases derived from the very purposes and objectives of regionalization. From the views of (Blakey, 1989; Tandon, 1990; Obudho; 1994; and many others), regional development can be summarized to be for the achievement of, among others, the following objectives: -

- To ensure efficient use of available resources.
- To bring into use formerly untapped resources of a country
- To enhance popular participation in all aspects of the development process.
- To redress the problem of discontinuous development within and among regions of a country.
- To improve the income of the poorest section of the community and there by reduce inequality in income distribution.
- To bring about growth in both regional and national economy.

In sum, the national objectives of decentralized regional development, in the notion of Tandon (1990), are the achievement of growth, equity, efficiency and empowerment in socio-economic development process.

With regard to the current decentralized regional development in Ethiopia, articles 58 to 90 of the Federal constitution provides, among others, the promotion of people's self-rule at all levels; to strengthen equality and unity among nations, nationalities and peoples; to ensure equal opportunity to improve their economic conditions; to promote equitable distribution of wealth among the peoples; to provide special assistance to disadvantaged nation, nationalities and peoples in economic and social development and to promote the participation of the people in the formulation of national development polices and programmes as its very objectives.

As provided in the constitution of Oromia Regional state, the objectives towards which the efforts of the region are intended to be directed and there by achieve are: -

- To promote local self-administration
- To ensure equal economic development opportunity as well as equal distribution of wealth;
- To empower disadvantaged areas and peoples through provision of special economic and social development assistance;
- To create positive conditions that enhance the participation of the populace in the formulation of policies, programmes and plans as well as in their implementation.

It is, hence, imperative to evaluate as to how the regional state of Oromia has lived about its very objectives.

This section, therefore, focuses on evaluating the effectiveness of the development efforts made in the region since 1991/92. To this effect, it is attempted to have a set of selected common evaluative criteria from contemporary theories of regionalized development, the national objectives set in the federal constitution of Ethiopia as well as the region specific objectives set in the constitution of the state of Oromia. Given the limitation of available data, only the following criteria are used to help evaluate whether the current development efforts in the state of Oromia prove to have been effective or not. These are: -

- (1) Impacts of the efforts on inter-zonal disparity of the region
- (2) Effectiveness in private sector investment mobilization
- (3) Effectiveness in increasing community participation

5.1.1. Impacts on Inter-zonal Disparity

Under this sub section, the impact of the current development efforts on inter zonal disparity is analytically examined with the help of selected socio-economic indicators. The variables used in the analysis are education, health, transport and communication, financial, agricultural and manufacturing variables to help compare the development conditions of the zones in the regional state of Oromia. These variables are almost similar to the ones used in studying interregional

disparities in many developing countries (Hoshang and Farhad, 1987). A total of 17 variables are used to measure the changes in the level of inter-zonal development that have occurred since the establishment of the region, that is, during the period between 1991/92 and 1996/97. The selection of the variables is based on the availability of data. Moreover, while each variable indicates a particular dimension of regional development, it is assumed that all variables are equally important.

The educational variables (V1 to V3) measure the levels of education as well as the availability of educational facilities in each zone. The health care variables (V4 to V7) give a comparative measure of the health dimensions of development. The transport and communications variables (V8 to V10) reflect the degree to which a zone's accessibility and capacity to interact with other zones has improved during the study period. The financial service variables (V11 to V 12) indicate the degree of the accessibility of financial institutions and services of credit and saving to the people of each zone. (See the Annex tables).

The agricultural and industrial variables (V13 to 17) measure the changes in agricultural and industrial activities in each zone. The variables indicate both the level of out put, productivity in the case of agriculture and employment capacity (in the case of the industrial sector).

The annexed tables depict an overall picture of zonal structure for the years 1991/92 and 1996/97. A cursory examination of the tables reveals that there exist significant disparities among the zones of the Oromia Region. As it is observable in these same tables, there has been considerable increase in educational and health services. This is manifested more in the fact that about a total of 783 schools, 16 clinics, 13 health centers and 3 hospitals have been established in the region during the last five years (BOPED, 1996). As a result of these efforts, the number of schools increased from about 3521 in 1991/92 to 4304 in 1996/97. And, the number of clinics, health centers and hospitals increased from 790, 51 and 22 in 1991/92 to about 896, 63 and 25 respectively in 1996/97.

However, these efforts could not bring about considerable decline in the discontinuous development problem that has been characterizing the region, particularity, and the country at large. This is proved in the fact that East Showa zone alone has four times more hospitals and

hospital, three times more hospital beds and two times more doctors per one million population in than the regional average in 1996/97 (Annexed table 2). This zone also accounts for considerably larger share of transport and communication as well as financial services. With regard to transport and communication, East Showa zone has three times more share than the region's average in telephone lines per hundred thousand population. Moreover, it has also a road density of two times more than the road density of the region, which is, about 23 km per 1000 km² (Annexed table 3). This indicates that East Showa Zone has relatively more developed transport and communication facilities and hence, more accessible than the remaining zones of Oromia Region. It is, perhaps, for its more favourable accessibility that the zone has managed to attract the dominating share of the private investment promoted in Oromia Regional State during the study period (detailed discussion on investment is dealt with in the next section).

While hospitals per 1 million population in East Showa Zone has increased from 3 to 4 during the period covered by this study, the increase in health centres per 1 million population was from 2 to 3 and that of hospital beds and doctors per 1 million population was from 275 to 376 and from 29 to 34 respectively during the same period. (Annex, 2).

The three newly established hospitals were not significant enough to improve the regional average accessibility of hospitals per 1 million population. In other words, the ratio of hospitals and health centres per a million population remained consistent during the study period. This is perhaps, due to the growth in the population of the region that undermined the effort made in this regard.

The regional average ratio of hospital beds per 1 million population declined from 124 to 120 during the same period even if there has been an actual increase in the number of hospital beds from 2209 in 1991/92 to 2218 in 1996/97 (BOH, Annual report, 1996/97).

With regard to the accessibility of educational services supply, Ilubabor that stands first, followed by West and East Wellega, East Showa, Arsi and Bale Zones seem to have been relatively in a better position, particularly in gross school enrolment per 1000 population (See Annex 1). As far as transport and communication services are concerned, the distribution is

almost proportional for post offices per hundred thousand population, while there is extreme disparity in telephone lines and road facility distribution (See Annex 3).

Perhaps, the most important issue worth considering when dealing with regional development is the distribution of road infrastructure. The road density for the six zones: - Borena, Bale, West and East Hararghe, and East and West Wellega respectively is below the regional average. Whereas, the remaining six zones have a road density of more than the regional average. As a matter of fact, the road density of Oromia Region by itself is even by far below the estimated minimum length of road per one thousand square kilometres required for the population of a given area to get access to the transportation system. The minimum road length required per one thousand square kilometre area, even though it varies with the level of socio-economic development, population distribution, settlement pattern, etc, is about 100 KMs/1000 Km² (MEDAC, 1995).

The other most important variables that indicate the degree of discontinuity in the development condition of the zones in Oromia Region are the industrial and financial variables (See Annex 4). East Showa, Bale, Ilubabor and Arsi account for the larger proportion of both manufacturing establishments and manufacturing employment per hundred thousand population. Where as, East Showa, and Jimma account for the larger number of financial institutions. East Showa alone accounts for about 24 percent of the total financial institutions currently available in the region

In some cases, there seems a declining trend in the gap between the relatively "most developed" and "least developed" zones. However, it is difficult to view the impact of the change as purely positive. Because, it is clear from the annexed tables that while some zones like, Jimma and Bale lost to the extreme their 1991/92 position regarding the distribution of educational services, others like West Wellega, East Wellega and Borena have improved their position significantly. Ilubabor Zone maintained its leading position in the distribution of educational services during the study period.

In terms of health services distribution, East Showa remained by far the leading zone while Jimma and East Hararghe zones have been compelled to lose their position to the worst.

Moreover, Borena, West Haraghe and West Showa zones have also poorly supplied with health service. The distribution of health services in North Showa zone has also been very poor. where as, East and West Wellega, Illubabor, Arsi and Bale Zones have been in moderate position in the distribution of health facilities.

In rural road construction, East, North and West Showa zones proved to have been relatively more favoured in their descending order. Ilubabor, East and West Wellega Zones seem to have been moderately advantaged. However, Jimma zone remained to have been extremely ignored in rural roads construction during the period covered under this study.

So that it helps us to have a better picture of zonal development disparities in Oromia Regional State, it is attempted to include the CV for the years 1991/92 and 1996/97. The results are indicated at the bottom of the annexed tables. As a general measure of inequality, CVs indicate the extent to which each variable is unequally distributed over the nation or regional space. Higher values of CVs indicate that the extent of disparity is high during the study period. As indicated in annex 1, the coefficients of variation for educational variables has been declining except for the teacher (1-12) per 1000 students that show an increase in zonal disparity. With regard to health variables, the coefficients of variation for hospitals and hospital beds per 1 million population reveal that zonal disparity has been increased. Where as, it is indicated that zonal disparity has been some what declined pertaining to health center per 1 million population (Annex,2). Moreover, zonal disparity has remained undisturbed for transport and communication variables (Annex, 5). Despite the fact that there is still considerably high zonal disparity in Agricultural and Industrial variables, the CVs for these variables indicate that the disparity has been some what declining.

Although the coefficients of variation measures the extent to which a given factor is disproportionately distributed over a national or regional space, it fail to account for the bias in measurement due to the skewness in the distribution of a variable. Moreover, it doesn't take into account outliers (at both high and low levels of distributions). To correct this deficiency, the standardised scores are computed and the results are indicated in Table 4 below.

The following assumptions are applied for the interpretation of Z-scores :-

1. the larger the Z-score the better the coverage a development variable in a zone and vice versa
2. the less the number of negatively scored variables the better is the relative development position of a zone
3. the more the number of variables with negative Z-score the worse is the relative development position of a zone
4. reduced number of variables with negative Z-score imply relative improvement in the development position of a zone
5. increased number of variables with negative Z-scores indicate that the development condition of a zone is rather towards deterioration

Table 4: Standardized Scores of Zonal Development Variables (Z-Scores)

Zone	Education Variables						Health Variables								
	Gross school enrolment (1-2) per 1000 population		Teacher (1-12) per 1000 students		Schools (1-12) per 1000 students		Hospitals per 1 million population		Health centers per 1 million population		Hospital Beds per 1 million population		Doctors per 1 million population		
	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	
Arsi	-0.71	0.25	-0.42	-0.17	-0.73	0.00	0.00	0.00	0.00	0.00	0.00	-0.30	0.03	0.13	0.44
Bale	1.33	0.25	-0.35	0.17	-0.36	1.19	0.00	0.00	4.44	5.56	-0.46	-0.56	0.27	-0.29	
Borena	-1.50	-0.91	0.98	-0.46	1.45	1.19	0.00	0.00	0.00	0.00	-0.13	-0.78	-0.93	-0.44	
East Hararghe	-1.13	-0.91	1.81	-0.51	2.18	1.19	-4.00	0.00	-4.44	-2.78	0.05	0.26	-1.20	-1.02	
West Hararghe	-0.71	-0.91	0.28	-0.34	-0.73	0.00	0.00	0.00	-4.44	-2.78	-1.15	-0.81	-0.40	0.58	
Ilubabor	1.90	1.72	-0.07	0.00	0.00	1.19	0.00	0.00	6.67	8.33	0.38	0.04	0.67	0.73	
Jimma	0.13	-0.81	-0.77	0.00	-0.73	0.00	-4.00	-3.33	0.00	-2.78	0.82	0.01	-0.27	-0.58	
East Showa	0.42	0.61	-1.32	-0.29	-1.09	-1.19	8.00	10.00	-2.22	0.00	2.39	2.77	1.87	2.62	
N/ Showa	-0.58	-1.31	-0.77	-1.20	0.00	2.38	-4.00	-3.33	0.00	-2.78	-1.82	-1.21	-1.60	-1.45	
West Showa	-0.29	-0.25	-1.12	3.14	-0.36	0.00	0.00	0.00	-4.44	-2.78	-0.59	-0.75	1.87	-0.29	
East Wellega	0.75	1.01	0.07	-0.23	-0.36	0.00	4.00	3.33	4.44	5.56	0.52	0.35	1.07	0.29	
W/ Wellega	-1.00	1.62	1.81	0.06	1.45	0.00	4.00	3.33	2.22	2.78	0.25	0.68	-1.33	-0.58	

Table 4 Continued

	Transport and communication						Financial Institutions			
	Past offices per 100,000 population		Telephone lines per 100,000 population		Road Density (length/ 1000 Km ²)		Total Zonal Distribution		Distribution per 1 million population	
Arsi	0.00	0.00	-0.47	-0.43	0.87	-0.05	0.35	0.00	-0.54	-0.36
Bale	0.00	0.00	-0.45	-0.36	-1.11	-1.32	0.00	0.00	0.54	0.36
Borena	0.00	0.00	-0.61	-0.32	-1.17	-1.22	0.35	0.00	0.54	-0.36
East Hararghe	3.45	0.00	-0.12	-0.79	-0.86	-0.76	-0.71	-0.64	-1.10	-0.72
West Hararghe	0.00	3.45	-0.65	-0.55	-0.92	-0.81	-0.71	-1.07	-0.54	-1.10
Ilubabor	0.00	0.00	0.45	0.35	1.05	0.66	-0.71	-0.64	0.54	0.00
Jimma	0.00	0.00	0.51	0.72	1.30	-0.20	0.35	0.64	0.00	0.36
East Showa	0.00	0.00	2.98	3.05	1.91	2.03	2.84	2.99	2.72	2.90
North Showa	0.00	0.00	-0.53	-0.49	-0.06	1.62	-1.42	-1.07	-1.10	-0.72
West Showa	0.00	0.00	-0.50	-0.41	0.18	0.61	0.00	0.00	-0.54	-0.36
East Wellega	0.00	0.00	-0.20	-0.47	-0.55	-0.25	0.00	0.21	0.54	0.72
West Wellega	0.00	0.00	-0.84	-0.33	-0.37	-0.36	0.35	0.21	0.54	0.36

Table 4 Continued

	Agriculture Variables						Manufacturing variables			
	Per capita crop production (quintals/Population)		Yield per hectare (quintal/ha)		Fertilizer Usage per land cultivated (q/ha)		Establishments Per 100,000 Population		Employment Generation per 100,000 population	
	1991/92	1996/97	1991/92	1996/97	1991/92	1996/92	1991/92	1996/97	1991/92	1996/97
Arsi	1.39	1.75	0.23	0.61	1.26	0.66	0.51	2.26	0.32	1.82
Bale	-0.83	-0.91	-0.28	-1.31	-0.49	-0.55	1.63	0.68	1.51	0.72
Borena	-1.48	-1.91	-0.30	-1.04	-1.19	-1.32	-0.61	-1.13	-0.68	-0.82
East Hararghe	-0.83	-1.15	-0.02	1.56	-0.98	-0.33	-1.12	0.45	-0.99	-0.23
West Hararghe	-0.65	-0.05	0.01	1.48	-1.12	-1.15	-0.31	-0.23	-0.25	-0.21
Ilubabor	0.10	1.07	0.15	0.72	0.98	-0.76	0.61	-0.11	0.45	-0.09
Jimma	-0.50	-0.66	0.02	-0.41	0.70	1.10	-0.41	-1.13	-0.07	-0.86
East Showa	1.81	1.06	0.11	-0.30	1.68	1.86	2.25	1.02	2.48	2.14
North Showa	0.12	0.32	0.01	-1.06	0.70	-0.27	-0.72	0.79	-0.86	-0.02
West Showa	0.61	0.23	0.01	-0.67	1.05	1.42	-0.82	-0.34	-0.52	-0.49
East Wellega	1.13	0.34	0.40	-0.59	-0.21	0.00	-0.41	-0.91	-0.56	-0.86
West Wellega	-0.83	0.17	0.03	0.21	-0.77	-0.82	-0.61	-1.02	-0.72	-0.98

Source: Computed from Annexed Tables

The standardized scores presented in table 4 reveal that East Showa, Arsi and Ilubabor zones are relatively in the best position with having few negative scores. This pattern clearly distinguishes East Showa that leads with having negative scores only in three variables followed by Arsi and Ilubabor that have negative scores in only four variables in 1996/97. East and West Wellega as well as Bale Zones seem to be on moderate position with negative scores in six and seven variables respectively during the study period

However, the remaining zones show negative scores in most of the variables used in the study. Important to note in this regard is also that three of these zones, specifically, Borena, West Hararghe and North Showa, are in the worst position having negative scores in twelve variables. Moreover, West Showa, Jimma and East Hararghe zones have also nine and ten negatively scored variables respectively in 1996/97. However, a comparative examination of the standard scores between 1991/92 and 1996/97 shows that while some zones recorded an improvement in their access to some variables, there are also some zones for which the distribution was rather worsened in other variables. Whether the cumulative effect of this situation effected promising reduction in inter-zonal disparity or increased over the study period will carefully be examined in the following section.

Patterns of change in inter-zonal Disparity

"Have the zones in Oromia region experienced a pattern of converging or diverging development during the period between 1991/92 and 1996/97?" An answer to this question can be found by analyzing the magnitude of change in the standard scores. Since the z-scores can be aggregated, we can use them to develop a composite index so that it helps us to compare the position of each zone in 1991/92 and 1996/97. The scores can also be used to identify the relative improvement or deterioration in zonal ranking.

The results of the composite index and the relative position of each zone in 1991/92 and 1996/97 are depicted in table 5. Generally stating, seven out of the twelve zones in the region gained in 1996/97 relative to 1991/92. The remaining five zones have declined composite scores in 1996/97. Among these zones, it is in Jimma and Borena that the decline was from the Worst to the worst. East and West Hararghe, North and West Showa are among the zones that gained over 2.0 composite score during the study period despite the fact that their respective composite

scores were still negative in 1996/97. A look at the change in zonal ranking between the two period (table 5.1) reveals whether there has been upward or downward mobility in the hierarchy of the zones. Accordingly, West Hararghe zone improved significantly by three steps from the 1991/92 rank of 11 to 8 in 1996/97. The other two zones that also improved their rank in the hierarchy are Arsi (from 6th to 4th), West Showa (from 9th to 7th) and East Hararghe (from 10th to 9th). Conversely, Jimma, Bale, and Borena were the top zones that were relatively worse off in the hierarchy compared to their position in 1991/92. Among these, Jimma and Borena are the zones with the largest downward movement (i.e. by three steps) in the hierarchy while Bale zone moved down by two steps.

Table 5.1 Composite Indices and Zonal Developmental Rank

Rank Order	Zone	Indices		zone
		1991/92	1996/97	
1	East Showa	26.83	31.27	East Showa
2	Ilubabor	10.91	13.21	Ilubabor
3	East Wellega	10.63	8.50	East Wellega
4	Bale	5.39	6.81	Arsi
5	West Wellega	4.18	5.33	West Wellega
6	Arsi	1.89	5.00	Bale
7	Jimma	-2.92	-0.94	West Showa
8	Borena	-5.28	-4.01	West Hararghe
9	West Showa	-5.46	-6.75	East Hararghe
10	East Hararghe	-10.01	-7.11	Jimma
11	West Hararghe	-12.29	-9.52	Borena
12	North Showa	-12.63	-9.80	North Showa

Source: Computed from Table 4

Note: -increased composite score imply relative improvement in the development status of a zone

- declined composite score indicate relative deterioration in the development status of a zone

What is more important to examine here is the number of zones involved in the highest upward and downward movements. The highest downward and upward movement realized in the hierarchy was by three steps. However, it was only one zone i.e. West Hararghe, that moved up three hierarchies while the three steps downward movement constitute two zones i.e. Borena and Jimma zones. On top of this, the composite indices reveal that the gap between the relatively most developed zone (East Showa) and the relatively least developed zone (North Showa) was increased from 39.46 in 1991/92 to 41.07 in 1996/97. This indicates that the disparity has been rather widened. Moreover, while the relatively most developed zones (East Showa, Ilubabor and East Wellega) maintained their relative rank in most of the variables, North Showa, Jimma and Borena deteriorated relative to their position in the pre reform period. West Wellega also maintained its former position in many respects.

Hence, the following conclusion follows from the analysis above. Even if there has been a kind of changing pattern in zonal disparity during the study period in the state of Oromia in both

converging and diverging directions, the degree of divergence exhibited look to have significantly outweighed the extent of the convergent development recorded by some zones. Therefore, it is, perhaps, safe to conclude that the current development efforts of the region failed to effect promising decline in inter-zonal development disparity during the study period

5.1.2 Effectiveness in Private Investment Mobilization

Whether the efforts made in the regional state of Oromia with regard to mobilizing private-sector investment have been effective or not is the focal point of the discussion that follows.

The Investment office of Oromia that is responsible for the promotion of private investment in the region has attempted to discharge its responsibilities since its establishment in 1992. Accordingly, up to march 30, 1998, the Regional office of Investment has provided investment certificates for 869 projects with estimated capital of about Birr 4.02 billion (see table 6.). These projects have been expected to create employment opportunity for about 55263 people. Moreover the moment they start operating at their full capacity, these projects are estimated to produce goods and services that worth about 3.2 billion birr per year. (ROI, 1998).

Structurally, the agriculture sector accounts for about 51.3 percent of the total investment projects of the region during the time span concerned, i.e., 446 projects. The next sector in which high concentration of investment has been found is the industrial sector. The industrial sector, with about 334 projects accounts for the share of 38.4 percent, while construction and other service sectors share the remaining 89 projects and altogether account for about 10.3 percent of the total investment in the region during the same period (ROI, 1998).

Table 6. Private Investment in Oromia Region (1992-March 30 1998)

Sector	Status of the Projects								
	Certified			Operation and Service rendering			Implementation		
	No. of projects	Capital ('000 birr)	Employment (in number)	N of Projects	capital ('000 birr)	employment	NO. of projects	Capital ('000 birr)	Employment
Agriculture	446	1,279,456	14693	162	496856	10,951	33	44863	788
Industry	334	2,110,519	14693	76	194739	2178	54	279622	2046
Social services	16	36,145	485	1	1710	14	1	6706	101
Hotel and Tourism	42	121,466	2715	7	14843	244	13	32343	470
Construction	6	296,618	467	5	282974	315	-	-	-
Business Activities	12	63147	284	2	14322	66	1	856	26
Real Estate	5	16,129	69	2	3305	19	2	7940	27
Mining	2	14,629	55	-	-	-	1	2812	23
Transport	6	80,660	526	-	-	-	-	-	-
Total	869	4018769	55263	2.66	1008749	13787	105	375142	3481

Source: Investment office of Oromia. A paper prepared for the second Investment Promotion workshop, 1998.

Spatially, there is high concentration of the investment projects in few zones of the region. To state specifically, East Showa and West Showa zones alone constitute 33 and 20 percent of the investment projects in the region up to the end of March, 1998 (ROI 1998). This implies that about 53 percent of the investment projects are concentrated only in these two zones of Oromia Region. This is mainly, because these two zones are more attractive to investors for their proximity to the capital city, Addis Ababa, and a relatively better access to social and economic infrastructure. Jimma and Arsi zones follow with their shares of about 10 and 7 percent of the investment projects respectively. The remaining eight zones altogether account for 30 percent of the investment projects in the region.

Beside their uneven zonal distribution, what is more disappointing is the status of the projects. Of the total licensed projects in the region up to end of March 1998, only 294 projects became operational and have already begun service rendering. In other words, it is only 33.8 percent of the licensed projects that proved to have started operation. Whereas 155 projects that constitute the share of 17.8 percent have found to be on different stages of construction process. The remaining 49.4 percent of the total investment projects in the region during the same period have not yet started even the very initial activities of the implementation process for unknown reasons.

Perhaps, equally very important to worth due consideration as far as regional development is concerned is active participation of the local community, particularly, that of the disadvantaged groups in development process generally and private-sector investment particularly. The source of this blessing view is found implicitly in the very concept of "local economic Development" defined by Blakey (1989) as essentially a process by which local government and/or community based groups manage their existing resources and enter into new partnership arrangement with private sector, or with each other to create new jobs and stimulate economic activity in a well defined political-economic zone. More over, according to this same writer, the central feature of locally oriented or based development is the emphasis on endogenous development policies using the potential of local human, institutional and physical resources.

More supportive to the notion of the argument in favour of the local communities' participation in investment is the very factors to necessitate a development strategy primarily based on local initiatives i.e. regional and local development, as may be called. In this regard, Tandon (1990) asserted that the failure of the top-down approach to achieve the broadly defined development objective constituting "growth" "welfare" and "empowerment" has given birth to the currently increasing emphasis on regional and/or local development strategies. And, Blakey (1989) also pointed out that regionalized development strategy is the consequent effect of an increasing recognition by both national and regional policy makers that centrally planned national economic strategies often failed to coincide with and address most of the development needs of local communities, workers and disadvantaged segments of the community.

It appears that the very notion of regionalized development lies in the emphasis it gives to the question of distribution issues. In other words, regional development aims at not only to achieve efficiency in local resources use and economic growth measured in GNP or regional gross domestic product (RGDP) but also to redress inequality in the distribution of local wealth through active participation of the local community. In doing so, it is also of necessity to target at the serious problems that confront disadvantaged segments of the community. These include, among others, women, the youth and social groups as nations, nationalities and/or ethnic groups who have been victims of socio-cultural, economic and political process. Such segments of the local society lack technical, financial, organizational capacities as well as the necessary

motivation to participate actively and compete with modern enterprises in the formally supported economic sector.

Hence, it goes without saying that regionalized development, of necessity, has to empower these segments of the community through properly studied package programs that enable to upgrade their capacity and enhance their participation in both the processes and benefits of the development in their locality. A good example is the decentralization and Regional Development Planning of current South Africa. According to ANC's reconstruction and development program (RDP), provincial governments are charged with the establishment of "broadly representative institutions" which must address local economic development needs and formulate strategies to address job creation and community development. The provincial governments are also given the power to introduce special assistance for selected locations and disadvantaged segments of the community, specifically, the Blacks (Rogerson, 1994).

Likewise, it is provided in its constitution that the government of the state of Oromia, among others, aims to empower disadvantaged areas and peoples through provision of special economic and social development assistance, ensure equal economic development opportunity as well as equal distribution of wealth. The practical realization of this generous objective is to be manifested, among others, in increased participation of the local communities (in which the Oromo constitute for the largest proportion) in the investment activities of the region. Because, it is explicitly stated in the introductory part of the constitution of the region that the Oromo people has been socially, economically, culturally as well as politically disadvantaged due to the injustice policies of past Ethiopian Regimes. And, hence, as far as Oromia Region is concerned, it is implied in the constitution that it is the Oromo people that has to be empowered and provided with special assistance under current regionalized development together with other disadvantaged social groups in the region. Nevertheless, available data from the regional office of investment reveals that the participation of the Oromo in the investment activities has been disappointing (see table 7). Of the total 942 investment projects certified by the investment office of the region between 1992 and June, 1998, 228 projects are owned by the Oromo, while the remaining 710 projects belong to non-Oromos. This implies that Oromos account for only 24 percent of the investment projects certified during the period concerned while the share for non-Oromos has been 76 percent.

Table 7: Oromo's vis-à-vis Non-Oromo's Participation in investment projects certified in Oromia

	Sector	Oromos		Non-Oromos	
		No. of projects	% age	No. of projects	% age
1	Agricultural	121	26	343	74
2	Manufacturing	101	26	281	74
3	Social services	4	20	16	80
4	Hotel and Tourism	5	11	39	89
5	Construction	1	14	6	86
6	Business Activities	-	-	12	100
7	Real Estate	-	-	5	100
8	Mining	-	-	2	100
9	Transportation	-	-	6	100
		228	24	710	76

Sources: Investment office of Oromia Statistical data, 1998

Moreover, it is nonetheless to state that of the total investment projects licensed to the Oromos only 121 projects (i.e. 53 percent) have been known to be on operation and implementation stage. The remaining 107 projects (i.e. 47 percent) have not yet started their preparatory activities for reasons unknown to the regional office of investment (ROI, 1998). Therefore, the real participation of Oromos in the investment activities of the region up to June 1988 has been found to be only by 11 percent.

On top of this, the region has also failed to duly consider the significant contribution of the informal sectors constituting micro enterprises in its both the five year development programme and plan as well as investment policy. No doubt, the amount of investment capital mobilized has a far reaching implication in the development of a country or a region. Yet, it is not only the amount the capital investment made that matters in regionalized development. But, it is also the structural and spatial distribution of the investment projects as well as the proportion of locally raised capital. Equally important is the real participation of the disadvantaged social groups that include the Oromos in general and the women, the disabled and the small micro entrepreneurs in particular. It is when all these groups are properly treated through differential policy measures

that the growth equity, efficiency and empowerment objectives of regionalized development could be better realized. Hence, it appears safe to conclude that the Regional State of Oromia has not been as effective as expected to mobilize private sector investment in the development of the region.

5.1.3 Effectiveness in Enhancing Popular Participation

The participation of the community in local development is of paramount significance. People at grass root level (both rural and urban) if properly organized, empowered with necessary skills and knowledge and supported can manage development by bringing together their resources like labour, finance, and above all their indigenous skills and knowledge, which the technocrats might lack or oversee.

For a community to participate actively in all affairs affecting it with government institution there has to be workable institutional framework at grass root level.. This institution, besides linking the community with the government also serves as a means through which the participation of the community is supported and mobilized. As there are already established institutions at community level no need of creating new ones in place of already available and practised ones since long ago. But it can, as Hillebrand (1994) propose, be reorganized by way of traditionalising modern administration and modernizing traditional institutions. He has the notion that traditional institution are the real "laboratories of modernity" in Africa today. Therefore, it is implied in his assertion that traditional institutions have to be mixed with modern criteria governing association in order to have effective institution that guarantee popular participation. This doesn't mean mere existence of such institutions can effect active community participation. Perhaps, more important to this effect is the relationship between the people governed and the government. That is, the trust both the people and the government have on each other. Moreover, the trust people develop in their government is determined by their accumulated experience in this regard.

Unfortunately, the Ethiopian people did not have positive experience to trust their government. As one of the regions in Ethiopia, the people of Oromia Region are not the exception from this reality.

In this regard, an interview made with a total of 600 selected residents of both rural and main town Kebeles of 12 districts in 6 Zones symptomize that there has been hardly any effort made to enhance genuine participation of the community in the development endeavour of their locality, district and the region at large (see table 8 below). The 600 house hold heads were asked to give their response on the 11 items (evaluative criteria) stated in the table. One rural house hold gives a minimum of 11 responses while a household in the Urban provides a minimum of 7 responses. Accordingly, a total of 5400 responses (3300 from rural + 2100 from urban) were collected. It is also assumed that the total of the "yes" responses stand for "good participation" while that of the "No" responses resume "poor participation". As depicted in table 8, a total of 2195 rural and 1433 urban responses were in favour of "No". On the other hand, 1105 responses from rural and 667 responses from urban sided the "Yes" column. Therefore, the 3628 responses under "No" column constitute 67 percent of the total responses gathered. And hence, it indicate that the participation of the community in the development efforts of the region has been very poor and much is left to be done in this regard.

Table 8 Results of the Sample Survey on local community participation

No	Evaluative Criteria Used	Interview Response			
		Rural Kebeles		Urban Kebeles	
		No. of 'Yes' Responses	No. of 'No' Responses	No. of 'Yes' Responses	No. of 'No' Responses
1	Have You ever been experienced any meeting day on which all the members of your kebele participated since transition?	300	-	300	-
2	Is such a general assembly meeting regularly undertaken?	-	300	-	300
3	Which issues often discussed on those meetings you have taken part?				
	3.1 More of political and other payment issues as taxes of agricultural income, land use and payment for ODA.	100	-	278	-
	3.2 More issues of development related activities in your kebele, district and region	56	-	-	-
	3.3 Though political issues often dominate, development issues are also some times raised.	144	-	22	-
4	Do you have any information about the five-years development plan of Oromia Region?	-	300	124	176
	Were there any orientation or awareness creation given to your kebele community about the five years plan?	-	300	-	300
6	Had your Kebele community asked to identify the social and economic services need to be considered in the development plan of your district and the Region at large?	-	300	-	300
7	Has there been any experience of discussion on the planning of the development activities to be undertaken by your kebele community every year?	-	300	-	300
8	Have you had pre-knowledge of the development activities undertaken in your locality as to their compliance to your local community aspirations or needs?	115	185	NA	NA
9	Have you ever been participated in the community development activities co-ordinated by your kebele administration?	286	14	NA	NA
10	Have you ever been given the chance to freely speak out the problems you observed or personally encountered on the services provided to you by the administration of you Kebele as well as other government institutions found in or around your locality like:- school, health posts, clinics or health centers and development agents or extension workers?	-	300	NA	NA
11	Is the participation you made up to now often based on your free will and interest for you have pre-knowledge of the purpose and benefits of the activities for which your participation is required?	104	196	NA	NA
	Total Responses	1105	2195	667	1433

NA:- not applicable to urban households

The proportion of the responses siding "Yes" is 37 percent of the total responses collected under this study.

5.2. Efficiency of the Current Development Efforts

While the issue of effectiveness deals with the achievement of intended or planned development targets, efficiency is concerned about the cost of time, money, labour information and knowledge (technology) required to realize the targets achieved. In other words, effectiveness is the output side while efficiency is the input side of a development process.

The factors to be applied in the measurement of efficiency may vary depending on the purposes of the study and accessibility of data, limitation in time and money. Owing to the time constraint and the easy accessibility of data pertinent to the purpose of this study, the following factors are used to measure how far the development efforts made in the Regional State of Oromia have been efficient. These factors are:-

- 1 Sector Capital Project Plans and Accomplishments of fiscal year 1996/97
- 2 Sector Capital expenditure budget and utilization of fiscal year 1996/97
- 3 The relationship between the rate of capital projects accomplished and capital expenditure budget utilized.
- 4 Trends in sectoral and zonal capital Budget Utilization (1993/94-1995/95)
- 5 External Assistance and Loans Utilization
- 6 Private Sector investment Mobilization
7. Trends in Regional Government Expenditure Financing

5.2.1. Capital Projects Plan and Accomplishment

There has not been any performance evaluation carried out on the Five-years development plan in general and capital projects in particular except in 1996/97 in Oromia Regional State. According to the information from the BOPED, the evaluation of this year was, also confined to the capital projects of that fiscal year only. As a result, the discussion under this measurement factor is based on the analysis of the data obtained from this years evaluation report. As depicted in table 9, the capital projects embodied in the plan for 1996/97 fiscal year constitute 75 delayed

and transferred projects from preceding years and 103 newly initiated projects of that year. Accordingly, the total capital projects comprised in the 1996/97 plan were about 178. Of this total capital projects, 128 projects were planned to be completed in that same plan year, while the completion of the remaining 50 projects was expected to be in successive years. It is indicated in the table that of the 128 projects, which were planned to be accomplished in 1996/97, only 64 percent were accomplished. The remaining 36 percent of the projects were delayed and transferred to the 1997/98 plan year. Taking in to account the experience to have been achieved during the past five years (1992/93-1996/97) such rate of failure in plan accomplishment can not be undermined to justify the inefficiency involved in project implementation due to the delayed proportion of projects.

Equally important to that need due consideration is sectoral performance of capital projects implementation. It is also depicted in table 9 that except in Transport and communication sector there was no any other sector that accomplished its respective capital project plan by 100 percent in 1996/97. To state specifically, there was disappointing rate of under plan performance in the capital projects of health; education; and Trade, Tourism and Industry. These Sectors failed to accomplish 64, 58 and 50 percent of their respective capital projects from their 1996/97 project completion plan.

Though by lower rates, there was also significant deviation of capital project accomplishment in Water, Energy, and Mining; Agriculture; Rural Road and Urban Development sectors. Specifically, the accomplishment of projects fell below the 1996/97 plan by 36 percent in Water, Energy and Mining, 25 percent in Agriculture, 25 percent in rural roads and 23 percent in Works and Urban Development sectors. Hence, one can imagine that almost all of the socio-economic sectors involved in the development activities undertaken by public investment proved ineffective to actualize their respective plans.

Table 9 The Accomplishment of Capital Project Plans in Oromia Region (1996/97)

No.	Sector	Projects carried from preceeding years	New projects initiated in 1996/97	Total project in the 1996/97 plan	The condition of the Projects planned to be completed in 1996/97				
					No. of projects in the plan	Projects accomplished		Projects delayed	
						Number	%	Number	%
1	Agriculture	25	6	31	16	12	75	4	25
2	Water, Energy and mines	16	43	59	51	33	64	18	36
3	Trade, Tourism and Industry	-	4	4	4	2	50	2	50
4	Rural Road	9	21	30	20	15	75	5	25
5	Urban Development and works	5	8	13	9	7	77	2	23
6	Transport and communication	2	4	6	3	3	100	-	-
7	Education	11	10	21	14	6	42	8	58
8	Health	7	7	14	11	4	36	7	64
	Total	75	103	178	128	82	64	46	36

Source: BPED, Capital Projects Evaluation Report, 1996/97

5.2.2 Capital Expenditure Budget and Utilization

The extent to which a budget allocated to a development project is used for the purpose it is meant for gives a more clear vision of the efficiency involved in physical projects accomplishment. This is, because, effectiveness in physical targets may be achieved with additionally incurred unplanned costs over and above the planned expenditure budget.

For that matter, the fact that plans deal with future actions makes of necessity the existence of either of deviations from the plans due to the uncertainty involved. However, plans not only deal with future actions but also provide framework within which these future actions are to be undertaken. In simple terms, they are statements guiding future actions. The fact that plans guide

future actions, therefore, make them also responsible for the uncertainties involved in future action. This implies that plans prove good enough to the extent they are able to forecast the risks involved in future uncertainties and account for. Therefore, even though it can be argued that deviations in plan implementation are often unavoidable, there need to have a level at which such deviations become tolerable.

It is, therefore, within this conceptual framework of understanding that the capital expenditure budget utilization of the Oromia Regional state is here by examined and evaluated. The analysis is made using the 1996/97 fiscal year expenditure plan and presented in table 10.

Table 10 Capital Expenditure plan (budget) and utilization (1996/97)

N	Sector	Capital Expenditure plan (budget) Birr (in Millions)	Capital expenditure budget utilization		Deviations in expenditure budget utilization	
			Expenditure budget utilized (in millions) Birr	%	Deviations in Million Birr	Deviation in %
1	Agriculture	50.1	81.4	160	(30.6)	+60
2	Water, Energy and mines	92.5	105.1	113	(12.6)	+13
3	Trade, Tourism and Industry	0.42	0.37	90.3	0.05	-9.7
4	Rural Road	93.2	95.7	102.7	(2.5)	+2.7
5	Urban Development and Workers	16.06	36.5	276.5	(23.3)	+176.5
6	Transport and communication	4.71	4.6	114	(0.59)	+14
7	Education	89.14	91.4	107	(2.26)	+7
8	Health	67.99	73.6	108.9	(6.1)	+8.9

Source:- BPED, Capital Projects Evaluation Report, 1996/97

- Note:
1. The number in parenthesis indicate amount used in excess of the capital expenditure budget initially planned and allocated.
 2. (+) signs indicate percentage of the expenditure made over the expenditure initially planned or allocated
 3. (-) Signs indicate percentage of the capital expenditure budget unutilized.

As indicated in the table, from the 8 sectors examined, 7 sectors proved to have expended over and above their planned expenditure budget allocated to them. It is revealed in the table that urban development sector takes the leading by making an over expenditure of 176.5 percent above its capital budget allocation in 1996/97. Moreover, Agriculture, Transport and communication; Water, Energy and Mines, Health; Education and Rural Roads Sectors follow in making an expenditure of 30.6, 14, 13, 8.9, 7 and 2.7 percent more than their respective allocations during the same year. While this is so in the various sectors, the total capital utilization of the region proved to be under utilized only by 4 percent in 1996/97. Unless comparatively seen with the projects implementation status, mere examination of expenditure budget utilization may also conceal strengths or problems involved in the whole process. Bearing in mind this, a comparison between the capital projects implementation and expenditure budget utilization is made under the next section.

5.2.3 Capital Projects Implementation Vis-à-vis Expenditure Budget Utilization

The comparison between the percentage rate of projects accomplished and expenditure budget utilized on the one hand and the percentage rate of capital projects delayed and expenditure budget over or under utilized is shown in table 11. According to the data presented in this table, the percentage rate of expenditure disbursed in all sectors was by far above the percentage rate of physical projects accomplishment in the study year (i.e. 1996/97)

It appears more disappointing when one looks into % rate of the expenditure under utilized or over expended and the % proportion of the capital projects delayed. Because, while most sectors (about 7 of the 8) expended more than what was planned and allocated for that plan year, they proved to have left with significant percentage proportion of their capital projects unaccomplished. To state some examples:- urban Development sector expended 176.5 percent more than its expenditure allocation in 1996/97. However, 23 percent of its capital projects that were supposed to get completed in that year were delayed and carried to the 1997/98 plan year.

Table 11: Comparison between capital projects implementation and expenditure budget utilization (fiscal year 1996/97)

Roll No.	Sector	Physical vis-à-vis expenditure plan performance		Physical VISA-VIS-Expenditure plan deviations	
		Ratio of capital projects accomplished	Ratio of Capital budget utilized	Ratio of capital projects delayed	Ratio of capital expenditure over or under utilized
1	Agriculture	75	94.5	25	+60
2	Water, Energy and mining	64	66	36	+13
3	Trade, Tourism and Industry	50	90.3	50	-9.7
4	Rural Road	75	102.7	25	+2.7
5	Urban Development	77	276.5	23	+176.5
6	Transport and communication	100	114	-	+14
7	Education	42	107	58	+7
8	Health	36	108.9	64	+8.9
	Total	64	96	36	-4

Source: Computed from Table 10

The health sector that consumed 8.9 percent more expenditure than its capital budget realized the accomplishment of only 34 percent of its capital projects in 1996/97. The education sector with its 7 percent expenditure over its capital budget allocation also accomplished only 42 percent of its 1996/97 plan for project completion. Both sector bureaux failed to realise the accomplishment of 64 and 58 percent of their respective project plan for 1996/97.

5.2.4. Trends of Sectoral and Zonal Capital Budget Allocation and Utilization

Given the current market-oriented macro-economic policy, capital budget is an investment that a government makes to build productive capacity in the economy both directly and indirectly to create efficient infrastructure facilities, trained and healthy labour power, conducive market environment and information for the private sector. It is when it proves effective in playing this role that it serves as an 'engine' of development. To this effect, the key areas for government attention and investment within the current macro-economic policy framework will be economic and social infrastructure development particularly roads, provision of water and sanitation services in both urban and rural areas, health and education, environmental protection and food security.

The capital budget allocation of the Regional State of Oromia in 1993/94, 1994/95 and 1996/97 fiscal year were Birr 164.1, 264.4, 321.7 and 509.03 million for a total of 178, 188, 184 and 172 development projects planned and implemented (partially or totally) respectively. With regard to its utilization, however, the region used Birr 154.9 million, Birr 179.6 Million, 257.8 million and Birr 426.3 million during these years respectively. This implies that the utilization of capital budget during the study period was 52.6 percent, 71 percent, 76.2 percent, 82 percent in 1993/94, 1994/95, 1995/96 and 1996/97 fiscal years respectively (refer table 12).

Looking at the structure and trends of capital budget, the capital expenditure grew by an average of about 40.1 percent over the same period (BOF 1997). However, the increase in the capital expenditure could not bring about significant change in the number of development projects. Rather, it is observable in the table that the number of projects has been decreasing from what it was in the fiscal year 1993/94. This is, perhaps, because, significant proportion of the additional capital budget has been consumed as a sunk cost due to long gestation of project period. The capacity of capital budget utilization has been improved from about 53 percent in 1993/94, 71 percent in 1994/95 to 76 percent and 82 percent in 1995/96 and 1996/97 respectively. However, the achievement has not been to the level of the targets set.

As far as the structure of capital projects and budget expenditure is concerned, the bulk of the capital has been allocated to Water, Energy and Mining and Agriculture sectors (see table 12). In terms of projects, small-scale irrigation development and rural water supply construction take

the major share in number of projects and capital budget allocation. Among the social development sectors, health takes the lead in terms of capital expenditure consumption and is followed by the education sector in 1995/96. Nevertheless, the performance of these two sectors in capital projects implementation was disappointing relative to their respective annual project completion plans. Equally worth to look into is the spatial pattern of capital budget allocation. This helps to analyse how far the trend in spatial capital budget appropriation served as an instrument to adjust the spatial (zonal) development disparity, to utilize the local untapped resource bases in the Region as well as to equally distribute the public resources and capital projects in the region. It should also be noted that some big, but few projects, as for example Arsi-Bale rural development project, hospital, etc jeopardize the equitable distribution of capital budget to the zones.

Table 12 Sectoral Capital Budget Allocation and Number of Projects Planned (1993/94-1996/97)

Sector	No. of capital projects Capital budget utilized					Capital budget in Million				
	1993/ 94	1994/ 95	1995/ 96	1996/97		1993/ 94	1994/ 95	1995/ 96	1996/ 97	% Share of Sectors
				transfer	New					
Agriculture	68	45	40	25	6	41.6	85.9	76.1	86.1	26.0
Water, Mining and Energy	41	69	69	16	43	55.3	87.8	83.3	92.51	28.6
Industry, trade and Tourism	2	1	2	-	4	0.25	0.20	0.16	0.42	0.1
Rural road construction	18	18	15	9	21	25.8	24.5	28.4	93.4	12.8
Urban Development and housing	10	15	13	5	8	10.3	7.9	20.7	13.2	7.1
Transport	-	10	11	2	4	-	3.7	2.6	4.01	0.9
Education	22	13	14	11	10	24.7	23.6	33.1	85.3	11.3
Health	17	13	16	7	7	6.2	20.2	37.5	67.5	9.7
Social Welfare	-	2	2	-	-	-	0.3	1.01	0.8	0.3
Culture, sports and information	-	2	1	1	2	-	4.8	0.36	0.72	1.2
WIBS ¹	-	-	1	-	7	-	1.9	2.9	3.6	2.0
Total	178	188	184	76	112	164.1	264.4	321.4	509.0	100
Capital Budget Utilization rate (%)						52.6	71.1	76.2	82	
Investment ratio (%)						74.4	65.9	86.2		

Sources: BOPED, socio-economic profile, 1996; Capital project evaluation Report. 1996/97

Note: 1. WIBS (Wereda Integrated Basic service) is an area based programme financed by the UNICEF, Government and the community

Even though it is difficult and unwise to make conclusions based on planned capital budget appropriations for zones, it is, however, possible to examine the relative importance of each zone in the Regional priority framework of capital project allocation. One should make a note here that a clear picture can only be obtained from zonal actual expenditure budget utilization, which was not made available for this study.

In 1993/94 West Showa, East Showa and Jimma, in 1994/95 and 1995/96 Arsi, East Showa and Bale Zones constituted the lion's share of the capital budget earmarked for the region. On the contrary, Ilubabor and East Wellega in 1993/94, Ilubabor and West Showa in 1994/95, and Jimma and Ilubabor in 1995/96 shared the least of the Region's capital budget allocation.

With regard to capital budget utilization, even though the direction seems towards improvement, it is still not to the desired expectations. Past experiences show that no one zone has ever effectively utilized the capital budget earmarked for it. This reveals that there exist poor institutional capacity at grass root level where the actual implementation of development projects take place. According to the actual capital budget utilization of 1995/96 the zones of the region could be categorized into three groups (refer table 13):

- those utilized more than 80 percent of their planned capital budget such as Ilubabor, East Wellega and Bale,
- those utilized between 60 and 80 percent of their planned capital budget such as East Hararghe, West Wellega, East Shewa. West Showa and Jimma
- those utilized less than 60 percent of their planned capital budget like, Arsi, Borena, West Hararghe and NorthShewa.

Table 13:- Zonal Capital Budget Allocation of Oromia Region (1993/94-1996/97) Birr '000

No	Zone	1993/94		1994/95		1995/96				1996/97	
						Plan (allocation)		Utilized			
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Arsi	19942.1	6.2	81000.0	21.1	75283.2	19.6	42697.5	57	54298.1	10.6
2	Bale	26562.5	8.3	33188.7	8.6	33961.1	8.8	27395.8	81	31393.1	6.1
3	Borena	17010.2	5.3	26291.1	6.8	28385.5	7.4	16231.7	57	41459.5	8.1
4	East Hararghe	27313.1	8.5	27295.2	7.1	18604.4	4.8	13924.7	75	25974.1	5.1
5	West Hararghe	13180.4	4.1	26449.4	6.9	23278.6	6.1	13757.6	59	30349.2	5.9
6	Ilubabor	9238.9	2.9	15292.4	4.0	18198.7	4.7	15352.3	84	29986.2	5.8
7	Jimma	28254.5	8.8	25920.6	6.7	15873.7	4.1	12656.2	80	26631.0	5.2
8	East Shewa	31508.9	9.9	59346.6	15.4	37098.1	9.7	23676.0	64	68090.4	13.3
9	North Shewa	10927.5	3.4	21691.8	5.6	21582.7	5.6	11042.7	51	281581.1	5.5
10	West Shewa	33077.5	10.4	19126.6	5.0	27722.8	7.3	17870.6	65	26731.6	5.2
11	East Wellega	13331.8	4.2	19995.8	5.2	24621.9	6.4	20051.8	81	28284.8	5.5
12	West Wellega	11462.0	3.6	19587.8	5.1	22243.6	5.8	15860.8	71	32753.9	6.4
13	Region level	77703.2	24.3	9127.1	2.4	37229.4	9.7	61974.4	16	89689.9	17.5
	Total	319512.5	100	384313.7	100	384082.7	100	292499.1	76	513800.00	100

- Source: OBPED, socio-economic Profile, 1996 and capital projects evaluation Report, 1998
- The capital budget actual utilization of only fiscal year 1995/96 is used to categorize zones into three groups due to the difficulty of properly organized data for other years

Compared with 1993/94, the planned zonal capital budget for the 1995/96 and 1996/97 have very weak rank correlation in terms of allocation for zones. As indicated in table 13 Zones like Jimma, East Hararghe and West Shewa have shown a decline in absolute and relative volume of capital budget allocated for them. On the contrary, Bale, Borena, Arsi, Ilubabor, North Shewa, East and West Wellega zone have shown an improvement, some radical and others gradual.

Moreover, what is more important to note is that the spatial (zonal) capital budget allocation proved to have been against the very objectives of regional and local

development in general and the objectives set by the region, among others, reducing spatial development disparity within the region and equitable distribution of public resources. Because, the capital budget allocation of the period 1994/95 and 1996/97 reveals that the two relatively more developed zones, East Shewa and Arsi, constituted the largest share of the capital budget allocated to zones. Hence, it is also clear from the capital budget allocation as well as the location of big development projects like the Arsi-Bale rural development project that the direction of the current regional development effort has been more towards accelerating the problem of discontinuous development in the regional state of Oromia.

In addition, there is also found a weak correlation ($r = 0.14$) between the zonal distribution of capital budget and zonal population distribution (BOPED, 1996). This implies that the budget allocation failed to take into account the population factor as its main criteria and hence neglected the equity objective of resource distribution in regional development.

The other important issue of the capital budget appropriation is the significant reduction of the capital budget held at regional Bureau level from 24.3 percent in 1993/94 to less than 10 percent in 1995/96. This may, perhaps, indicate the gradual decentralization (shift) of capital budget management from regional bureaux to zonal administrations, where the co-ordination of District Based Development projects take place. However, the 1995/96 actual budget utilized by Regional bureaux was indicated to be 21 percent of the capital budget utilized by the Region. This implies that the power shifted to zones has been reinstated (re-centralized) at Regional level due to lack of institutional capacity at zones.

In addition to the factor discussed above, others like the extent of external assistance and loan utilization and private investment mobilization also serve as indicators of poor institutional capacity.

With regard to the utilization of external assistance and loans, the data from the BOPED annual reports reveal that the state of Oromia has failed to utilize 60 percent of the external loans and 17 percent of the external assistance in the fiscal year 1994/95.

According to the data from the same source, in 1995/96 about 13 percent of the external assistance and 23 percent the external loans were not utilized by the region.

In addition, of the total private investment projects licensed in the region during the period between 1992/93 and 1996/97, only 45 percent became actualized i.e. either operational or on implementation status. This is also another indicator of the institutional inefficiency characterizing the efforts of Socio-economic development in the Regional state of Oromia.

5.2.5. Trends in Regional Government Expenditure Finance

The expenditure of the region has been showing a considerable growth during the study years. Total recurrent expenditure was Birr 572.847 million, 662.948 million, 799.151 million and 818.728 million respectively for the fiscal years 1993/94, 1994/95, 1995/96 and 1996/97. Capital expenditure on the other hand, was Birr 154. 960 million, 179.660 million, 275.883 million and 426.287 million respectively for the same period. Thus, while recurrent expenditure grew by 12.6 percent, on average, capital expenditure grew by 40.1 percent over the same period. A comparison between the two side of the Region's budget, revenue and expenditure, reveals that the gap between the total expenditure (recurrent + capital) and the total revenue of the region was increasing. This implies that the regional state of Oromia was characterized by an increasing budget deficit during the study period. According to the data from the BOF, the deficit of the region was 516.062 million Birr, 593.643 million Birr, 724.866 million Birr and 866.362 million Birr respectively.

It appears from the increasing budget deficit that while the expenditure grew by radical rates, the capacity of the Region in raising its own revenue was not as such effective given that Oromia being a region that accounts for the share of 70-75 percent the coffee production, and 45-50 percent of the coffee delivered to central market in the country. More over, it is also a region where the largest proportion of the business activities in the country is undertaken. The real expenditure financing capacity of the Oromia regional state was 21.8, percent, 29.1 percent, 31.4 percent and 30.4 percent in the fiscal years 1993/94, 1994/95, 1995/96 and 1996/97 respectively. Though much remain to be done

in this regard, the data indicates that there has been an improvement in the region's share of its total expenditure financing.

What then are the challenging factors behind the inefficiency and ineffectiveness characterizing the efforts of the current decentralized regional development in Oromia Region? What future prospects are there to be utilized in order to realise efficiency and effectiveness in the development efforts of the Region? These issues are discussed in the next chapter.

CHAPTER 6

CHALLENGES AND PROSPECTS OF THE CURRENT REGIONALIZED DEVELOPMENT STRATEGY IN THE STATE OF OROMIA REGION

The experience in the State of Oromia Region since the 1991 transition to date with regard to the implementation of the current regionalized development strategy of Ethiopia as well as the development achievements effected there of has been the central concern of the discussions in chapter three through five. Within each of the discussion made under these chapters, it has also been attempted to highlight some critical institutional weaknesses characterizing the development efforts of the region. Under this chapter, the outstanding problems to have been challenging the efforts made in the social and economic development of the region are reviewed. Moreover, the potential prospects currently available at the disposal of the region that if effectively utilized are hoped to make the future bright for Oromia Region and its people in particular as well as the country at large are assessed.

6.1. Review of outstanding challenges

Whether the efforts made to bring about improvement in the social and economic condition of certain region or locality are to the desired direction, to the expected aspiration as well as to the already established hope or not is determined by the cumulative out put of the effectiveness and efficiency involved in the various development strategies, plans and projects designed and implemented in the region or the locality. What is important to be made clear is that the effectiveness and efficiency of a development endeavour made in a region or a locality is not only conditioned by local determinants, but also, factors external to the region or the locality may prove to challenge the regional or local endeavours. Among the factors external to a region; most important to this study are aspirations and goals of national policies, programmes and or strategies, the existing national-regional power relationship and political processes.

Internally, factors that are specific to a region or a locality like poor resources endowment, rapid population growth, political instability, poor leadership capacity, poor

planning, general inefficiency, corruption, socio-cultural factors, poor resource allocation and utilization as well as poor co-ordination are the critical ones to adversely affect the success of regional and local development.

Since its early establishment in August, 1992 there are various attempts made to mobilize and co-ordinate both public and private investible resources towards improving the poor socio-economic condition of the State of Oromia Region. With relatively rich resource base, it was hoped that the State of Oromia would benefit much from the current decentralized regional development strategy of Ethiopia and achieve fast economic growth relative to other regional states. As a matter of fact, when such relatively rich resource base coupled with the fairly trained manpower capacity of the region compared to most of the remaining regional states is taken into account, one can argue that the formerly established hope was not inflated but fair.

Moreover, one among the issues often raised on the negative side of such decentralized regional development, particularity, under the umbrella of Federal Government structure is, the hypothesis that small resource poor regions would be dominated by the large resourceful regions which there by accelerate interregional development disparity than alleviating it. However, it is a surprise to underscore that the experience in Ethiopia during the past six years, perhaps, exceptionally disproved this theoretical argument. It is suffice, in this regard, to raise the EPRDF report presented on its 3rd congress held at the town of Jimma in April, 1998. According to this report that deal with a kind of comparative analysis on the development performance of the current regional states of Ethiopia, the States of Tigray, Amhara and the Southern Nations, Nationalities and Peoples Region proved to be on the performance rank of first, second and third respectively. Where as, the State of Oromia, despite its relatively rich resource base, its largest size with varied conducive climatic zones, the relative fertility of its agricultural land and its various both tapped and untapped energy sources; ranked fourth in its development performance of the last five to six years.

Moreover, it has been attempted by this particular study to evaluate the development performance of the Regional state of Oromia during the period of post-regionalization in Ethiopia (1992/93 and 1996/97) from effectiveness and efficiency point of view by way of comparative analysis against the socio-economic condition of the region during pre-

regionalization in the country. The development performance of the Region has been examined against some selected region specific criteria like inter-zonal disparity impact of its development efforts, development projects plan and their implementation, capital expenditure budget (plan) and its utilization, the relation between physical plan (of capital project) implementation and capital budget utilization, Regional revenue raising capacity and its ratio in the region's expenditure requirement, the degree of real private investment mobilization as well as popular participation in the region's development endeavours (chapter 5).

It may, perhaps, be argued that it is difficult to conclude with confidence within this short period of experience that the region is inefficient and ineffective. It is, however, possible to point out to what extent the current achievements are up to their very end and direct to the very purpose of regionalized development strategy in the country at large and in the regional state of Oromia, in particular. Accordingly, the evaluation in this study tried to reveal that the region proved poorly effective and inefficient in realizing its very purpose of establishment indicated in both the federal as well as in its region-specific constitution. What, then, are the basic problems contributing to such ineffectiveness and inefficiency characterizing the state of Oromia Region? Attempts have been made to foreword possible answer on the discussion that follows here under.

6.1.1. Inadequacy of Institutional support to the Rural Sector

Agriculture, the mainstay for about 92.2 percent of the population of the region is still weak in productivity and is mainly not more than for subsistence. Consequently, its ability and capacity, at the current technological level, to generate income that could be used for the development of other economic activities, particularly, medium and small-scale industries, is still far from thinking. Except the very few of its product that are commercialized, the agriculture sector is mainly of subsistence production.

The low productivity of the sector both in the country at large and in this region in particular emanates manly from its dependence on backward traditional technologies of production. Perceived from this aspect, the initiative taken during the past five years to

development of the agricultural sector, particularly, on improving the productivity of the peasant framers and pastoralists during its initial phase. It was also hoped that up on completion of the first phase of the strategy, there would be major improvements in traditional agriculture practices, particularly, the use of improved seed would be crucial. In the second phase, it was also planned to expand the use of small-scale irrigation schemes, agricultural infrastructure and modern technological inputs like fertilizers, pesticides, etc. During the two phases, it was expected that there would be an increase in total out put as well as productivity on lands already under cultivation.⁶

Even though it proved insignificant to bring about the desired impact on the productivity of the peasant farm, there are attempts made towards improving the sector's productivity in Oromia Regional State. Among others, the implementation of Agricultural extension programme that constitute the training and distribution of development agents, fertilizer and other agricultural inputs distribution are some that worth noting. However, the increase in agricultural inputs distribution could not bring about significant change in the productivity of the peasant sector agriculture. This is better crystallized in the fact that the food production increased at the rate less than area expansion. Specifically, while the area cultivated was increasing on the average by 1.2 percent per year, the annual increase in total crop production was by 1 percent. The over all yield of the major crops for 1995/96 was 12.68 quintals per hectare indicating an increase of 16.5 percent over the 1994/95 (BOPED, 1996). However, it is still 5 percent below the 1990/91 productivity of about 13.01 quintals per hectare⁷

As far as the beneficiaries are concerned, in 1994/95 there were about 250,815 and 49335 peasant farmers that used chemical fertilizers and improved seeds respectively. Where as, in 1995/96 about 261,315 peasants used chemical fertilizer and 142052 peasant farmers used improved seeds. Even if there was an increase observed in the usage of both inputs, an examination of 1995/96 data reveals that it was only 1.4 and 0.8

⁶ Ministry of Planning and Economic Development (MPED), An Economic Development Strategy for Ethiopia, Sept. 1993, Addis Ababa

⁷Computed from the data in statistical Abstract, BOPED, 1994.

percent of the rural population that has been accessed by the distribution of chemical fertilizers and improved seeds respectively.⁸

On top of this, the ratio of the number of rural agricultural personnel to the rural population they serve is still very low i.e below the minimum requirement. To state specifically, in 1995/96 there were 245 home economics experts and 241 home agents to serve about 2,130,937 rural family households. This makes their ratio to the family households about 0.000011 respectively. The ratio of both home economics experts and home agents to the family households was about 0.000022. The same holds true for veterinary personnel and institutions. In 1995/96 there were 131 veterinarians, 239 assistant veterinarians and 675 vaccinators giving veterinary service in 90 livestock health clinics. This puts the ratio, one veterinarian to 159,970 VLU⁹ and is by far below the recommended minimum standard ratio of one veterinary to 20,000 VLUs. Moreover, one clinic provides services to 232,840 VLUs or cover 4100 Km² area. In general the existing manpower can serve only 49 percent of the regions existing livestock population (BOPED, 1996). Moreover, despite the increased number of DAs¹⁰ in the region, the ratio of the DAs to the rural households covered by the extension programme has been increasing. This is best exemplified in the fact that despite the 50 percent increase in the number of DAs, the number of farming households that a DA serves increased from 657 in 1994/95 to 726 in 1995/96.

In sum, there has been low supply of farm inputs like fertilizer, improved seed and pesticides; weak extension services to the farmers, and less experience in irrigation development. The extension service has been practically proved to exclude the poor section of the rural peasant. This is manifested in the fact that most of the peasants that lack oxen and land could not benefit from the services provided under extension programme. Among the institutional problems that have constrained the rural sector are weak linkages between research and extension; poorly developed extension system due

⁸ Computed from the data in statistical Abstract of the Regional Bureau of Planning and Economic Development, 1996

⁹ VLUs veterinary Livestock Units

¹⁰ DAs: Development Agents

to shortage of extension workers, inadequate training, lack of follow up, monitoring and evaluation to improve the performance of extension workers and the quality of the extension services, lack of market information and rural credit service are the major ones.

6.1.2 Weak Institutional Capacity

Failure to efficiently and effectively utilize the advantages of the current decentralization of decision making power has been the key problem restraining the utilization of Oromia's development potentials towards the achievement of targeted socio-economic improvement in the region.

The institutional capacity of the region examined in terms of implementing projects, mobilizing the participation of the private sector investment, etc proved to have been poor. Some of the indicators of poor institutional capacity in the region are:

- low capital budget utilization rate
- long gestation period of project accomplishment
- poor utilization of external assistance and external loans
- failure to exact implementible private investment in the region. This is manifested in that of the projects licensed up to the end of the fiscal year 1996/97, only 45 percent became operationalized until June 30, 1998, including those under construction phase.

6.1.3. Problems Related To Accountability Among Officials

The growth of government and the rise of positive state have in many countries of the world raised the critical issue of accountability. There have been moves made to increase the responsiveness and accountability of public officials and the organizations they manage in a variety of countries. Across countries experience reveal that different countries have attempted to use different institutional mechanisms to exact public service responsiveness and accountability. In Britain, the parliamentary question and the judiciary were used as a means of control (Wade, 1967). Recently it is a parliamentary commissioner for administration that investigates complaints concerning the misuse/abuse of administrative powers in Britain (Hyden, 1970). Coming to African

experience, in Kenya, as of the same writer, both the courts and the parliamentary question period are used to perform a controlling function over the civil service.

Nevertheless, it has currently become recognized that due to the increasing technical complexity of legislation and in sheer volume the ordinary parliamentarian has become less able to use the question period to ensure that ministerial accountability and civil service responsiveness are maintained. This is best exemplified in current Ethiopia where most of the members of the peoples Representative Council simply lack the experience and knowledge to properly inquire into and assess government policies. There are only not more than three to four members of the peoples representative council that often inquire into the prime minister and ministerial progress reports as well as attempt to assess government policies. Some do not seem even to properly attend what is going on when observed through television presentation of the parliaments question period. And also some do not bother to acquire all of the necessary information before raising their questions which are there for much less effective and easily side-stepped by government spokesmen.

According to the Federal constitution, there would also be an institution charged with the power to investigate citizens complaints against alleged arbitrary acts by public officials, party functionaries, and members of the parastatal bodies. However, its establishment is not yet realized.

What is more important to our discussion here is that even such underdeveloped or rather not much effective experience of parliamentary inquiry period at national level has not been given due consideration at both regional and local government levels. The past five years experience in Oromia Region indicates that much has not been done in this regard except that the region's sector bureaux and zonal departments are inquired about their respective performance on the so called "Project Evaluation Meeting" up on presentation of their progress reports at regional level only. It is nonetheless to state that even this is not carried out in accordance with regularly schedule time. Except in few exceptional cases where some very few District Councils took the initiative to spontaneously undertake such inquiry period, there has not been properly planned and co-ordinated effort made to have such an accountability and civil service responsiveness questioning period at district level. Moreover, there is no any attempt

made to bring about effective mechanism that enables exact public service accountability and responsiveness at all levels of the administrative structure in the state of Oromia.

6.1.4. Lack of Co-ordination and Integration

Among the failures of the sectoral approach to development is that it gives little room for integrated multi-sectoral development. Because, under this approach the activities of all sectors are planned and implemented separately by different development parties (sectoral ministries, NGOs, Community based organizations). These activities lack integration and co-ordination that makes possible efficient utilization of the manpower, finance and other logistical supports. Such uncoordinated effort results in duplication of activities and unnecessary wastage of the scarce resources available, weak linkage among the different activities /projects programmes, poor synergetic effect on the spatial development efforts and so forth. It is in the past five years regionalized development practice of the Regional state of Oromia that such co-ordination as well as integration problem perhaps, more magnified.

As far as co-ordination is concerned, the development effort of the region has been mainly characterized by lack of both intra-sectoral and inter-sectoral co-ordination. The Problem of co-ordination has been revealed firstly in the loose relationship between the sector bureaux of the region and their respective zonal sector departments . This happened as a result of the power devolved to zonal administrations without due regard to their institutional capacity as well as the importance of functional relationship that should exist between regional level sector bureaux and zonal sector departments. This implies that the very distribution of power among regional, zonal, Wereda and Kebele administrations was carried out without any assessment on the institutional capacity of the region at that very moment as well as the forecast of the improvement that the region could bring about in this regard at its all administrative echelons, in the short run. And hence the recruitment, promotion as well as displacement of zonal department heads have been carried out by zonal administrations without any consultation with concerned regional sector bureaux. Consequently, zonal department heads perceived that it is better for their security to establish strong link with zonal administrations than with their respective sector bureau. As a result, they even proved in some cases, to officially refuse

the necessary co-operation that their respective sector bureaux demand and request from them.

Besides, the legacy of the past sectoral approach has also been reflected in that each regional sector bureau as well as zonal sector department tend to design and implement its own respective development plan without conscious consideration of the need to integrate their functions just from the very design of their plan. This is best crystallized in that, for example, the rural road construction plan failed to prioritize its road construction, beside other relevant criteria, in such away that it also enables to effectively utilise the investment potentials of the region in general and the Districts, in particular. In addition, each department and section within a regional bureau and zonal department has often failed to plan its respective activities in an integrated approach. Currently, there has been promising improvement observed since 1996/97 in that the distribution of power between Regional, Zonal and District administration levels begun to be reconsidered. However, the period between 1992/93 and 1996/97 was during when the development efforts of the region suffered a lot from all kings of co-ordination problems.

6.1.5 Poor Allocation of Available Resources

The underdevelopment of today's developing countries has lived attributed most importantly to lack of capital and technological skill for many years.

The purpose of this study is not to deny the significant contribution of these two factors to the under-development of these countries. However, the writer of this thesis is in firm agreement with the currently growing belief on the prevalence of inefficiency and ineffectiveness in both the allocation and utilization of already available resources of all forms (capital, man power, technology and information) to have played the determining role in the development problem of these countries, particularly, sub Saharan Africa.

The development history of Ethiopia since long ago had also been a case in this point. The legacy of this back history has been reflected in the past five year regionalized development experience of the country, particularly, in the Regional State of Oromia.

From sectoral perspective, the allocation of the region's government budget seems, in principle, consistent with the strategy of rural-centered development adopted in the five-years development program of the region in particular and the country at large. This is manifested in that rural water development, agriculture, rural road construction, health and education sectors were provided with the highest priority in the allocation of the regional budget. Looking at the past four year capital budget allocation (1993/94 to 1996/97), the development of rural water, agriculture and road construction together accounted for about 66 percent of the region's capital budget allocation. Where as, the capital budget allocation share of health and education sectors were about 21 percent. The share of the remaining sectors was about 13 percent (BPED, 1997).

Nevertheless, the consideration of the actual capital budget allocation within each sector (i.e sub-sector allocation) indicates the prevalence of allocation inefficiency. For example, from the capital budget allocated to the Agriculture sector in 1996/97,¹¹ 27 percent was allocated to the construction of District Agricultural office, chemical stores, and government owned cattle and cattle products development projects of the region. Agricultural research accounts for the share of 9 percent, while agricultural training (that includes, the training of Development Agents, rural farmers and rural women) accounts for 0.8 percent of the total capital budget allocated to the sector in that same year. It, appears from this capital budget allocation that the importance of Agricultural research and training has been poorly recognized in the implementation of rural centred development strategy in the Regional State of Oromia. With regard to the internal capital budget allocation of the water development sector, it was only 47 percent of the total capital budget allocated to the development of rural potable water that actually used for its very purpose while the remaining 53 percent was meant for urban tap water supply, laboratory and store construction.

More important to note, as far as sectoral resource allocation is concerned is the poor consideration of the importance of the informal sectors that include micro enterprises, handicrafts and small-scale industries development. This is revealed in that the Industry, Trade and Tourism sector accounted for the least share of the total capital budget

¹¹ 1996/97 is the year when capital projects performance was evaluated.

allocation during the period between 1993/94 and 1996/97. Moreover, the internal allocation of this least share capital budget of the sector also indicates that the handicrafts and other micro-enterprises, which are believed to serve as the basis for the development of indigenous technology as well as create linkage effect, are unduly considered.

The other aspect in which inefficiency in resource allocation has been observed is zonal allocation of both capital projects and capital budget. In addition to their dominant share in the distribution of big capital projects, East Shewa, Arsi and Bale Zones account for the lion's share of the capital expenditure budget allocation in the region during the years 1993/94 to 1996/97. These three zones were relatively among the most benefited zones of Oromia during the past two regimes, particularly, under the Military Administration. They are, therefore, relatively developed zones compared to the others like: North Showa, Borena and Jimma. The allocation of such largest share of capital budget to these zones which are already found at relatively better socio-economic development condition, therefore, proved to effect divergent spatial(zonal) development than convergent development. Put differently, such irrational allocation of capital projects and capital expenditure budget proved to widen than to narrow zonal development disparity.

6.1.6 Structural Problems

The issue of structuring the ever-increasing function of development is, perhaps, among the critical problems characterizing the management of development in least developing countries. The structural problems of development management is best explained in the words of Merle Fainsod (1963) as follows:

"Development usually involves the rapid multiplication of new administrative units, which have to be co-ordinated with each other and with existing departments as well. New functions tend to be given separate organizational expression. There is much to be said for such new organizations as path-breaking devices to liberate energies and emphasize priorities. Carried to an extreme, however, the proliferation of new organizations produces such a diffusion of power that the task of central direction and co-ordination becomes extremely difficult."

Faced with problems of co-ordination, most developed nations have grouped related functions in single departments or ministries, limiting the number of ministries to permit retention of direction and control by the top political leadership. The same pattern is visible in the developing countries. But, in developing countries, the problems of structuring the administration of development, according to Fainsod (1963), is greatly complicated by the rapidity with which new functions emerge and the consequent structural fluidity. It appears from Feinsod's argument that departmentalization and specialization may perhaps be necessary from the point of view of leadership consideration whenever an administrative unit becomes too large to be efficiently run. Nevertheless, unless undertaken with careful considerations of tasks to be performed by each separate department and/or ministry as well as those tasks to fall under their co-operative effort, a complex differentiation of separate ministerial jurisdictions may create serious problems of co-ordination in development effort.

Coming to the Regional State of Oromia, structural problems appear to be of two kinds. These are the problem observed in structuring the regional level sector bureaux and the structural arrangement of local administrations.

(a) Sectoral Structure:-

As we have seen in chapter 3 of this study there are about 21 separate regional bureaux established to execute the socio-economic development programme and plan of the region. Such a number of division, no doubt, has created serious problems of inter-sectoral co-ordination in the development efforts of the region. Some examples can be cited from the field of rural development, where several ministries are expected to integrate their activities in assisting farmers to increase agricultural productivity. The Regional Bureau of Agriculture under its "Rural infrastructure development project" undertakes, as its main function, the activities of rural road construction and rural pure water supply. At the same time, while the Regional Rural Road Authority carries out the activities of constructing rural roads, the regional Bureau of Water, Energy and Mines Development runs the activities of rural water development in which the development of pure water supply to rural farmers is also among its main functions.

It appears that these three regional level institutions are engaged in the same task at rural community level with their respective separate field organization often "projects" responsive to different hierarchical authorities. As a result, the possibility of co-ordinated effort is impeded. It is also obvious that this has resulted in unnecessary duplication of tasks and services as well as inefficiency in the scarce technical manpower and capital budget utilization.

Though not yet began its actual operation at field level, the function of organizing, guiding and supporting the development of co-operatives and their activities is separately institutionalized under the authority of the co-operatives Bureau of the Region. This is also expected to create serious co-ordination problems at field level in that both the Agriculture and the co-operatives Bureaux undertake their respective grass root level activities with their separate field organizational units.

The same problem has also been practically observed between the Regional Rural Road Authority, the Bureau of Transport and communication and the Regional Bureau of Urban Development and works. There is a situation where the Bureau of Urban Development and Works, and at other time the Bureau of Transport and communication has undertaken the construction of transport stations. But, currently, it is the Regional Bureau of Transport and Communication that undertakes the construction of transport stations in the urban area of the region. Still, one can argue that the region lacks clearly defined duties and responsibilities for its different executive organizations when one practically observes that the construction of technical schools has been under the authority of the Bureau of works and urban Development. This duty, perhaps, has better performed under the authority of the Regional Education Bureau.

All these and others that are not presented in this discussion prove that both task specialization within and among different ministries as well as the division of the regional civil service in to as large as twenty-one independent institutions badly calls for a reassessment and restructuring.

(b) Structural Arrangement of Local Administration:-

The other structural problem is reflected in the structure of local governments of the region. In accordance with the constitution of the region, the State of Oromia Region has a three tier local administration constituting Kebele, District and zonal administration. Of these local administrations, only the Kebele and District Administrations do have their own respective councils. Zonal administration is however, a councilless local administration carried out by an executive committee whose members are appointed by the regional council upon the nomination of the president of the regional state.

Thus, zonal administration is a representative of the regional government that facilitates effective and efficient co-ordination of development administration in about 180 districts of the region. Zonal administration may be necessary given the expected burden of co-ordinating the actual social, economic as well as political activities undertaken in such large number of districts. However, the current structural arrangement of zonal administration proved to work against the power constitutionally decentralized to a District Council as well as its institutional capacity that the execution of such power taxes. Because, a zone administration is institutionalized in such away that all sector departments with the function of carrying out socio-economic development activities as well as the maintenance of law and order are established under it. Moreover, these zonal level institutions are manned with a staff consisting relatively better qualification. That is, one can find considerable number of personnel expertise with qualifications of college diploma and a university degree. All zonal department heads do have minimum qualification of a university degree.

Whereas, districts, which are supposed to be centers of socio-economic development undertakings, are suffering from sever shortage of skilled manpower that can effect workable development plans and implement them. As a result, district development plans, are, in reality, undertaken at zones by zonal sector departments. Thus, the participation of districts in the design of development plans is too insignificant in that it is limited to mere identification of physical development needs most of which prove unrealistic and ambitious and hence excluded from the five-years development plan of the region.

This has been the case due to lack of skilled man power that would effect realistic action-oriented development plans at district levels. Structural problems, perhaps, most importantly prevail in urban municipal governments in the region. The discussion made both with key members of the administrations of three sample municipal towns: Jimma, Adaama (Nazreth) and Assala towns and responsible official of the works and urban Development Bureau of the region revealed that there has not been any attempt made to have a special local administration system with regard to the management of the municipal towns in Oromia Regional State. Municipal towns of the region are, hence, governed under zonal administrations of the region. Moreover, they are also made accountable to zonal departments of Works and Urban development. These municipal town administrations also lack clearly defined duties and responsibilities as well as the power to exercise them. As a result, they are currently operating with the confusion of their duties and powers as well as under two chains of command that put accountable to both zonal administrations and zonal departments of works and urban development.

6.1.7. Prevalence of Decision-Making through Superfluous Committees and Meetings

In the region, there is a tendency of resorting almost all decision making to committees. It appears from the discussion made with various heads of sector bureaux and departments that they all rely on committees for decision making. According to these officers, this is due to the fact that they believed committees to be the best way to avert from the risk of being unfairly criticized. Above all, it is taken as a means to avoid the danger of losing ones post by the prevailing unscientific, immoral, in considerate and politics-oriented "evaluation" technique.

Such extreme dependence on committees for decision making not only proved to hazard the efficiency of organizational operations but also the innovative capacity of the officers themselves. In addition to the prevalence of committees within each regional as well as zonal and district level sector organizations, there are also inter sectoral committees that are meant to relieve co-ordination problems at all these levels. Such proliferation of committees many of which are concerned with almost the same problems placed a great demand on the scarce time of civil servants who are often expected to attend many committee meetings.

6.1.8. Lack of Leadership Capacity at Local Levels

The quality and character of leadership is generally recognized as a critical factor for organizational success (Philip, 1957). Whether the organization is public or private, the senior officials will very often set the tone for administrative life within it and thereby condition its degree of success or failure. The position of such officials is critical as it is vested with formal authority, and it is the use of that authority together with the personal attributes of these officials that will frame the quality and character of authority relationships within an organization.

In the regional state of Oromia, due to the failure of the leading political party, i.e. OPDO, to attract and represent itself with skilled members of the community in the regional and local election race, it proved difficult to have efficient administration at both zonal and District administration levels. As a result, almost all zonal and District administrators as well as most of the members of the executive committees at all levels of the region's administrative echelon are within the educational status of grade eight to certificate from Teacher's Training Institute (12 + T.T.I). Particularly, zonal and District administrators are often required to be from senior members of OPDO whose educational background is often below grade 12. Therefore, they proved to badly lack the capacity to lead, guide and co-ordinate the activities of sector government organizations that fall under their respective local authority. For one thing, this is because, the administrators developed inferiority complex for they have far lower educational background as well as experience compared to the officers and most of the experts of government organizations under their administrative leadership. For the other thing, they have mistakenly developed unfavourable attitude against the civil servants as if they were bureaucratic hurdles to development. Moreover, they mistakenly generalize that civil servants overlook up on them for their low educational background and experience. All these proved to work against effective working relationship that should flourish between political administrators and civil servants.

On top of this, most of them have engaged in corrupting the public wealth for their personal interest and abuse of their power. This is manifested in the frequent changes of administrators in most zones and districts following "evaluations." The facts often officially presented against zonal and district administrators, key party members, and

members of regional, zonal and district executive committees either discarded or demoted are cases of abusing power, corruption, and embezzlement.

By and large, the administrative leaders of zonal and District administrations proved to be bad visions exhibiting extremely poor personal standards of honesty and integrity. They also possess very poor abilities, which permit them to direct zonal and District administration effectively towards the very goals of improving socio-economic development condition of their respective locality as well as the region.

6.1.9 Poor Morale of the Civil Service

Civil service efficiency is also determined to a quite considerable degree by the commitment of staff to its mission. Indeed, a shared sense of belonging to an organization and identification with its goals are important preconditions for efficiency and effectiveness. A number of difficulties have confronted the development of the civil service morale in the regional state of Oromia. Among these is, the prevalence of frequent promotion with short service tenure, particularity in zonal and district level government organizations. With regard to the service tenure of appointed officers, it is attempted to examine about a total sample size of 66 (36 district level and 30 zonal level) government organization in 12 districts and 6 zones of the region. The survey is made by interviewing the respective officers (heads of zonal departments and district sector offices).

The result of the interview is analyzed and presented in Table 15. The table depicts that, in 84.8 percent of the total samples of zonal and District level sector organizations, the service tenure of the officers fall below 5 years. This implies that there has been frequent change in the officers leading these organizations due to various reasons. Such short tenure of service for which an officer stays in his position is too inadequate for him/her even to familiarise himself/herself with the behaviour of the organization let alone permit him to initiate and implement new administrative mechanisms that do away with or at least minimize the failures of his/her predecessors. Such frequent changes of key officials is also a deviation from the generally accepted administrative principle suggesting a minimum of five years for officials in key posts as a tenure of service to be maintained so that they will be able to produce the results expected of them (Swerdlow,

1963). Moreover, the civil service is aggressively conceived as corrupter of public resources and as having undemocratic and egocentric sentiment on the part of the region's politicians. This has created misunderstanding between them and there by made the civil service alienate itself from the missions of the regional government of Oromia.

Table 15 Sample survey on the service Tenure of Zonal and District level officers of Sector Government Organizations (1992/93-1997/98)

Service tenure of officers (by class of years)	Response results of the sector organization surveyed	
	Number of Organizations in the class	Ratio (%)
0-1 years	15	22.7
2-4 years	41	62.1
Above 5 years	10	15.2
Total	66	100

Source: Analyzed from interview result

Put in a nutshell, despite the fact that the regional government of Oromia, as other regional governments, has been charged with the power to do so, it lacks a personnel system that incorporates features which ensure stability and enable civil servants to become familiar with problems, while at the same time maintaining sufficient flexibility. The personnel system of the region also fail to provide attractions extending beyond considerations of pay, as for example, improving their feeling of belongings to the objectives of the regional government in general and their respective organization's mission in particular.

6.1.10 Absence of Sound financial systems and practices

Poor financial systems and practices are among the major problems characterizing the management of development efforts in the low income countries of the world. The finance systems and practices in Ethiopia has also been a case in this point.

Among the problems prevailing in the financial system of Ethiopia has been insignificant delegation of financial authority to ministries, high-ranking and responsible administration officers and local governments. In other words, there has been the practice of exercising excessive centralization of financial authority and control. What is

important to note here is that the legacy of such long lived financial system and practices has exerted adverse impacts on efficient and effective implementation of the current decentralized regional development strategy in the regional state of Oromia. This is, because, the financial system is geared to the achievement of control objectives than development objectives. To put differently, the former finance regulation that was governing the management of public finance in Ethiopia in general and in the regional state of Oromia was control oriented. Therefore, it enjoyed the Regional Finance Bureau to exercise detailed control requiring regional operating officials to justify even small expenditures. This centralization of the financial authority in the Regional Finance Bureau of the region significantly contributed to long gestation period of major development projects in the region.

The other, perhaps, most important problem prevailing in the finance administration of the region is the failure of the implementing sector development agents at all levels to comply with the finance regulations while making expenditure decisions. An interview made with the higher officers of the General Audit Bureau of Oromia revealed that most high ranking officials of the regional bureau as well as Zonal departments and District sector offices lack the necessary acquaintance with financial regulations.

Moreover, though there are promising improvements being observed currently, most government organizations of the region, including the region's council office, have very poor accounting section staffed with unskilled personnel. On top of this, most of these organizations also failed, either intentionally or for shortage of competent manpower, to staff their structurally approved Internal Audit Section.

All these coupled with lack of belongingness as well as the poor civil service morale, particularly that of the higher government officials resulted in of irresponsible practice of financial irregularities to prevail in the Regional State of Oromia. The data from the 1994/95 and 1995/96, audit report is summarized and presented in Table 16.

As it can be computed from the totals depicted in the table, about a sum total of Birr 15.8 million public fund was embezzled in only 88 regional and zonal level government organization during the two fiscal years of 1994/95 and 1995/96. The result of the interview made with the key officials of the regional Audit Bureau also indicates that the

problem of managing cash and materials, illegal authorization of disbursements, poor accounting system and absence of strong internal control are among the main problems that have been prevailing in the financial administration of the region.

Table 16 The type of financial Irregularity observed (1994/95-1995/96)

Year of Audit	Number of organizations Audited (Regional Zonal)	The type of financial Irregularities observed			
		Cash shortage	In voiceless expenditures	Expenditures without proforma and auction competition	Unauthorized expenditures
1994/95	31	141,759.23	154,884.85	1,381,161.83	248,511.43
1995/96	57	556,659.64	9,991,148.76	3,272,290.26	-
Total	88	698,418.87	10,146,034.00	4,653,452.00	248,511.43

Source:- Regional Bureau of General Audit, Audit Report for 1994/95 and 1995/96.

6.1.1.2. Defective Personnel management

It is not only the shortage of skilled manpower that has been challenging the management of development in developing countries. Perhaps, most importantly, it is also the deficiency inherent with the personnel management system to have been characterizing these countries. Consequently, most developing countries have failed to use efficiently and effectively their scarcely available skilled manpower resource. There is a need, therefore, for a national personnel system based on objective criteria of recruitment and promotion which would not only act as a vehicle for change but also attract and retain qualified and competent staff for public service. In Federally structured governments, this suggestion also holds true for the constituent member regional states.

While this is so from both theoretical as well as practical experiences perspective, the situation in the Regional state of Oromia has been proved to depart from this fact in many respects. Many factors can be cited as examples, in this regard. Among others, the following are the major problems signalling the deficiency of its personnel system.

- Due to lack of confidence in decision-making the pay increase made in the country at large for public servants up on the reestablishment of the Federal government was made practical in the region a year after it had been

implemented in Tigray, Amhara, The Addis Ababa City management and the Southern Regional State.

- On most meetings, public servants of the region are often arrogantly accused of being corrupt and bottlenecks to efficient administration. Most importantly, most skilled but scarce technical professionals are put under serious suspicion for remaining to live Pro-O.L.F political programme.
- The prevalence of political and bureaucratic patronage in the recruitment placement promotion and appointment of the civil servants greatly limited the possibility of attracting qualified, experienced and competent personnel to key posts.
- The executive organs of the region in general and the regional government executive committee in particular lack familiarity to their respective missions and hence to behave accordingly as well as prove as visions to other members of the government and the public at large.
- Localism, tribalism and bureaucratic favouritism as well as political patronage have prevailed in the recruitment, placement, transfer, promotion, training and appointment of the civil service of the region. The cumulative impact of all the above resulted in total dissatisfaction of the public servants of the region. This is best crystallized on the meeting held in the region from October 25-26,1998 to discuss on the 1998 plan implementation and current political situation i.e the war between Ethiopia and Eritrea. The participants of this meeting chaired by the president of the region were the heads of the sector bureaux with their respective administration and finance services. It is, hence, on this meeting that many Bureau heads raised that their workers are not properly discharging their duties and responsibilities. They also added that the workers rather waste their time in reading news paper and magazines. Moreover, the workers have refused to comply with the government work hours while entering and leaving their office

The most important manifestation of the dissatisfaction has been revealed by an assessment study made by the civil service Administration commission of the Region on its civil service turnover. According to the result of this study that was made official on the 30th of September, 1998, about a total of 506 semi-professional and professional science workers have left the region for other organization in 1996/97 and 1997/98 only (see the following table).

Table 17 Civil service Turnover of Oromia Regional State (1996/97 and 1997/98)

Year	No of Turnovers	Number and Rate of Turnover by level of Profession					
		College diploma (Semi-professional Science)		Bachelor of Science Degree		Post Graduate Degrees (M.A and above)	
		No. of Turnovers	Percentage (of the total)	No. of Turnovers	% of Turnovers	No. of Turnovers	%
1996/97	257	111	44	108	42	38	14
1997/98	249	117	47	99	40	34	13
Total	506	228	45	207	41	72	14.0

Source: BPSA, Turnover Assessment Study Report, 1998

Note: the assessment is confined to regional level sector bureaux

The study report also reveals that lack of job satisfaction and low level of payment are the major factors to bring about such significant number of turnover in the public servants of the region. And hence, one can imagine, particularly, if things are left to continue in this way that the future of the region will prove to be from the worse to the worst given that it is such trained manpower that can plan and put the plans into deeds and thereby achieves the regional as well as the national development goals.

6.2 Future prospects

Various factors are believed to promise bright future for the realization of efficient and effective regional and local development in the Regional state of Oromia. In the first place, the region has not effectively utilized the powers charged to it by the current decentralization policy. This implies that the region has significant potential powers at its disposal that can be utilized for the development benefits of the region as well as the nation at large. Among others, suffice it to state that the region is charged with the power to formulate its own region-specific development strategy (within the framework of federal policies and strategies) that suits the specific conditions of the region.

Secondly, the state of Oromia region is best known for its development potentials of agriculture, energy, mining, and small and medium scale industries. To take the agricultural sector only, the region accounts for the largest share of the country's total coffee production and export. Moreover, it also constitutes the largest proportion of the cattle and cattle products of Ethiopia. The state of Oromia is also among the largest producers of pulses and oil seeds. On top of this, Oromia is the major source of the H.E.P currently generated as well as the potential available in the country. The regional state of Oromia also accounts for the largest share of food crops production in Ethiopia (i.e half of the major crops of the country). Owing to its vast size and varied climatic zones, the region has diverse potential economic activities that it can specialize on. This is also another factor promising the region with bright future of development and hence to be effectively utilized by the regional government of Oromia.

Thirdly, the experience gained during the past five years is, perhaps, significant enough to learn from and bring about future improvement. As a result there is considerable improvement in budget utilization as well as the design and implementation of development projects. Besides, the regional government has come to realize that zonal and district level administrations need to have fairly educated and experienced members in their executive committees. Though not yet made official and implemented, as of the information from the concerned officers of the leading political party (OPDO) and the regional government high ranking officials, it is intended to have college diploma and the completion of grade 12 as minimum criteria to be used for nominating the members of zonal and district executive committees respectively. This is also hoped to improve the current poor administrative capacity prevailing in zonal and district administrations.

Furthermore, the planning experience of the region during the past few years has also recorded important strength. Important to note in this regard is that the attempt made to co-ordinate the function of development planning just from district level through district development committees (DDCs) and at zones through zonal development committees (ZDCs). This is an important institutional strength promising the future of the Regional government of Oromia for institutional development.

CHAPTER 7

CONCLUSION AND RECOMMENDATION

From the discussions made so far in the preceding chapters it can be concluded that the Regional state of Oromia stands first in terms of its population, land size, economic activities as well as its contribution to the GDP of the country. It constitutes about one-third of the population and land mass of the country. It is also famous for its diverse climate, topography, fauna and flora, cultural practices, economic activities, etc. All these factors indicate the availability of considerable potentials for development. The region has also various untapped natural resources, as fertile agricultural land, water, mineral and energy resources. The people with their indigenous knowledge and skill are also the major potential resource of the Region, which could be utilized through appropriate policy interventions for the future development endeavours.

Together with, the decentralization of decision making power constituting, the formulation of region-specific development policies and strategies as well as finance and manpower should significantly contribute to improved capacity of the regional government of Oromia in effectively and efficiently mobilizing, managing, utilizing and sustaining its resources for the development needs of the region and the country at large. And hence, with rich resource base of the region, it was hoped that the state of Oromia would benefit much from such decentralized regional development strategy and achieve rapid economic growth relative to other regional states.

However, the achievements of the development efforts made in the region during the last five years covered by this study (1992/93-1996/97) have not been to the desired goal let alone to the established expectations. On top of this the current development achievements of the region disproved the existing theoretical belief of "large, resource based regions to dominate small, resource poor ones in federal form of decentralized regional development" when Oromia ranked fourth as per the regional development performance evaluation reported on the third EPRDF congress held in the town of Jimma in April, 1998.

Various external and internal (region-specific) factors could be raised to cause the above failures of the region. However, for it is believed that the problems external to the region are also common to the remaining regional states of the country, the analysis in this study confined itself to the outstanding problems specific to the regional state of Oromia. Given the institutional approach used in this study, all the problems discussed are, in one way or another, related to the problems of institutional development characterizing the region. It can also be concluded from the analysis made on the regional development experience of the region that the critical problems to have been responsible for the deviations revealed from both the desired goal as well as the initially established expectation are of institutional development ones.

With this firm belief the following are proposed as points to be duly considered in order to realise an institutional development that is competent enough to effectively and efficiently deal with the varied problems of regional and local development in the state of Oromia Region.

- The need for administrative reorganization which development demands of the regional government at both regional and local levels is the critical issue requiring an urgent measure. This administrative reorganization has to be considered from both sectoral and local administrative structure. From sectoral perspective, it is believed in this study that having such about twenty, one Sectoral agencies in the existing structure seem , perhaps, too large for a country let alone for a regional state. Moreover, various agencies are engaged in similar and/or the same functions. There are also related functions that these agencies undertake. With the serious scarcity of capable manpower, financial and material resources constraining regions in general and the state of Oromia in particular, such sectoral arrangement, no doubt, will impair the problem of resource scarcity. Indeed, it also results in duplication of effort time as well as cost. Therefore, the existing sectoral administrative arrangement needs to be reassessed and reorganized in such away that related functions be grouped in single departments or sector bureaux and there by the sector bureaux or agencies be limited to possible minimum number.

From local administration perspective, no doubt that the large number of districts make the function of co-ordination problematic. And hence, the need to have a center for the co-ordination of district development activities become rational. The existing zonal Administrations, though meant for such a blessing administrative purpose, are structured with excessive institutional complexities than that their very existence requires. As a result, the manpower as well as budget that could be used to at least relieve the problems of districts and would put them on a better capacity than they are currently found, has been consumed at zones. Therefore, in this study, it is strongly believed that the existing decision making power as well as institutional, financial and manpower resources at regional and zonal level need to be decentralized to District Administrations. This will make District Administrations institutionally capable and competent enough to serve as the bases for effective and efficient implementation of the current decentralized regional development strategy in the state of Oromia Region. It will also lessen zonal government controls over the districts. The same structural reorganization also holds true for the other regional states of Ethiopia.

With regard to the institutional structures of zones, it is suggested that only zonal planning department be maintained and strengthened with adequate technical planning staffs and serve the function of co-ordinating development planning at zonal level. Besides, it will also render advisory service on socio-economic development to zonal development committee. Added to this, the existing number of zones may be reduced from twelve to nine by merging West and North Shewa, East and West Hararghe and East and West Wollega. East Shewa, which is relatively the most developed zone in the region is better maintained and independently treated. The proposed zonal administration structure is depicted in figures 5 & 6

- Bureaucratic administration requires and fashions leaders who tend to be preoccupied with procedures and routines and with strictly applying predetermined rules to decision confronted. The experience of Ethiopia has also been a case in this point. The legacy of this experience has been reflected in the past five years regionalized development practice of the state of Oromia region. However, development and social change generate novel problems and new situations for which pre-existing rules and decision making precedents may offer no solution. Therefore the regional government of Oromia need to create conducive working environment that encourages and promotes the emergence of

leaders who are good visions, flexible, seek new solutions and are willing to take risks much as economic entrepreneurs do than those who want to secure their post under the umbrella of membership in the leading political party.

- There seems a clear need to devise new management procedures in the region's civil service which might involve greater in service training, more delegation of authority, and the right of junior executive personnel to participate in problem-solving activities so that they are not continually assigned tasks far below their competence. In this regard, the formulation of a regional personnel policy, within the federal framework, that creates a feeling of belongingness in civil servants of the region; generates more effective administrators; has a motivating career hierarchy; and that can reduce the current increasing turnover of its well skilled and experienced manpower is in the urgent need.
- The present system of financial control may, perhaps, be reorganized in such a way that more financial responsibility be devolved on the implementing authorities.
- Officials in key posts may better kept in their jobs at least for five years to enable them produce the results expected of them.
- Resort to committees for decision making should be reduced drastically. Full responsibility should be given to agencies and individual high-ranking officers at all levels in the region and, with it, the necessary controlling system against abuse of power and corruption as well as measure of support and trust.
- The current criteria of election for district, regional and Federal councils should be re-examined and improved. This may be done in such a way that the members of all the councils may have at least fair experience, knowledge and capacity that enable them understand various political, social, economic and environmental concepts both through reading and listening in the languages commonly known to the country.
- The importance of having a regional institution for administrative research and training should be duly considered.

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Figure 5: Proposed Zonal Administrative Structure

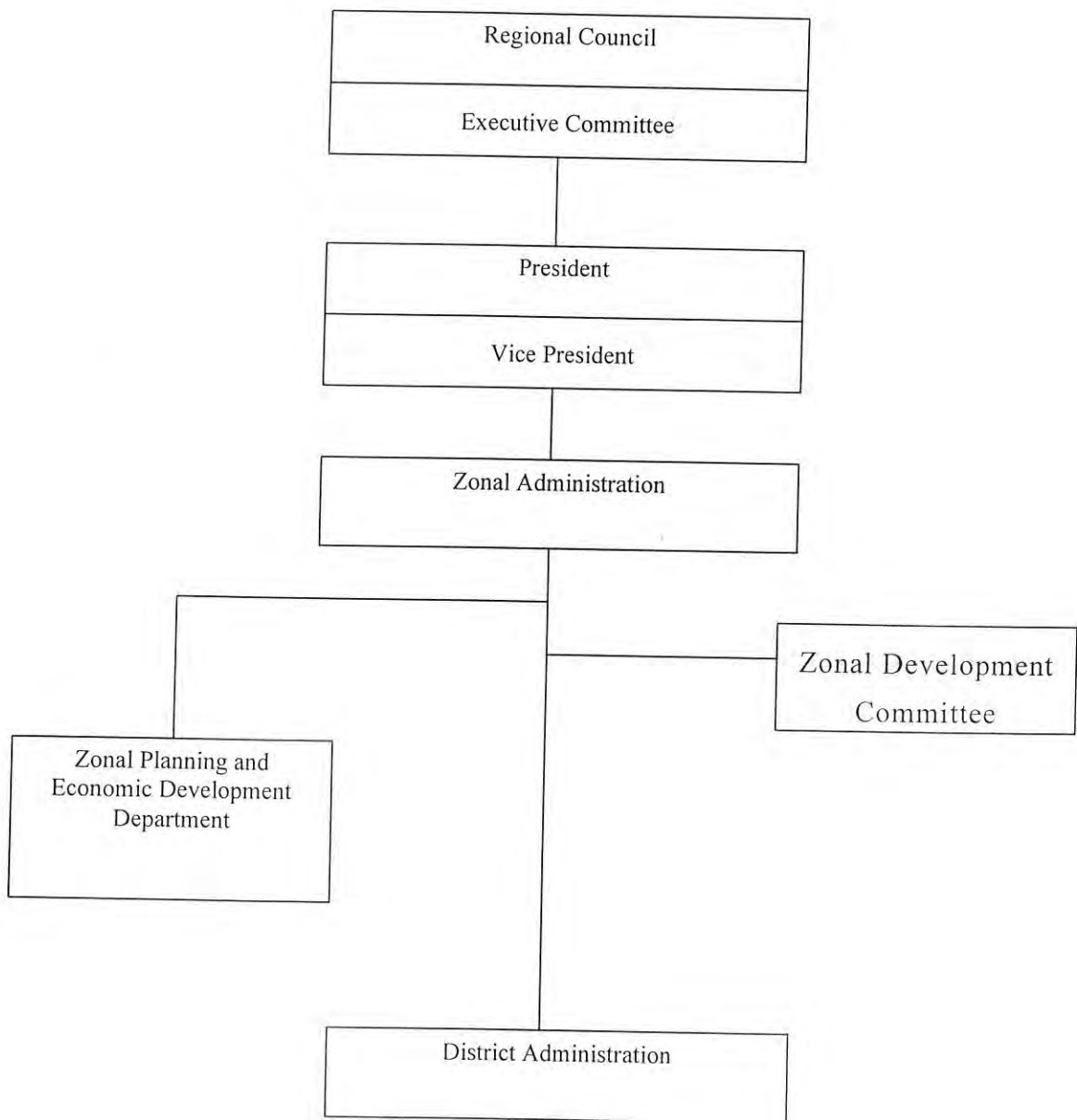
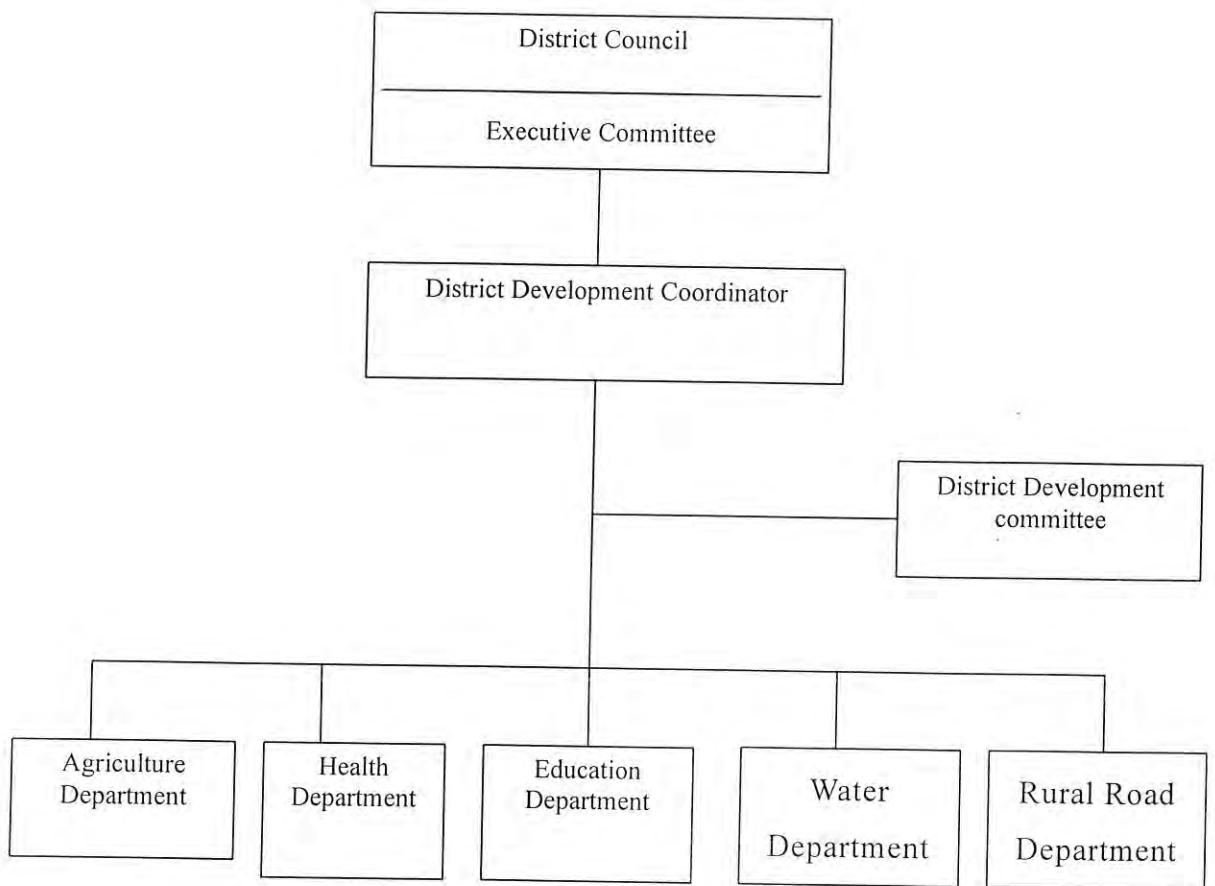


Figure 6: Proposed District-Based Development Structure



Annex -1

Zonal development Variables (1992/93 and 1996/97)

No	Zone	Population		Educational Variables					
				Gross Enrolment (1-12) per 1000 Population (V-1)		Teacher (1-12) per 1000 Students enrolled (V-2)		Schools (1-12) per 1000 studies enrolled (V-3)	
		1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1996/97
1	Arsi	2063,359	2,311,229	67	73	35	32	3	3
2	Bale	1,133,817	1,269,876	82	73	36	38	4	4
3	Borena	1330,839	1,490,540	14	50	55	27	9	4
4	East Hararghe	1,701,319	1,905,478	23	50	67	26	11	4
5	West Hararghe	1,182,895	1,324,843	33	50	45	29	3	3
6	Ilubabor	788,277	882,871	95	102	40	35	5	4
7	Jimma	1,825,321	2,044,360	53	52	30	35	3	3
8	East Shewa	1,561,151	1,748,490	60	80	22	30	2	2
9	North Shewa	1,076,920	1,206,151	36	42	30	14	5	5
10	West Shewa	2,168,216	2,428,402	43	63	25	90	4	3
11	East Wellega	1,167,072	1,307,121	68	88	42	31	4	3
12	West Wellega	1,439,305	1,612,022	26	100	67	36	9	3
	Total/Mean	17,353,364	19,531,385	50	68	41	35	5	3
	Coefficient of Variation			0.50	0.29	0.35	0.50	0.55	0.28

Annex -2

Health Variables

No	Zone	Hospitals Per 1 Million Population (V-4)		Health Centers Per 1 Million Population(V-5)		Hospital beds per 1 Million Population (V-6)		Doctors Per 1 Millions Population (V-7)	
		1991/92	1996/97	1991/92	1996/97	1991/92	1996/97	1991/92	1995/96
1	Arsi	1	1	3	3	105	123	16	19
2	Bale	1	1	5	5	95	68	17	14
3	Borena	1	1	3	3	116	48	8	13
4	East Hararghe *	0	1	1	2	127	144	6	9
5	West Hararghe	1	1	1	2	51	45	12	20
6	Ilubabor	1	1	6	6	148	124	20	21
7	Jimma *	0	0	3	2	176	121	13	12
8	East Shewa	3	4	2	3	275	376	29	34
9	North Shewa *	0	0	3	2	9	8	3	6
10	West Showa	1	1	1	2	87	51	29	14
11	East Wellega	2	2	5	5	157	152	23	18
12	West Wellega	2	2	4	4	140	183	5	12
	Mean (M)	1	1	3	3	124	120	15	16
	Coefficients of Variation	0.25	0.30	0.15	0.12	0.51	0.77	0.50	0.43

* '0' implies that the ratio of hospitals per a million population is undefined however there may only be one hospital in the zone as for example in Jimma.

Transport and Communication Variables

N	Zone	Post Offices per 100,000 Population (V-8)		Telephone lines per 100,000 population (V-9)		Road density (Length of roads per 1000 Km ²) (V-10)	
		1991/92	1996/97	1991/92	1996/97	1991/92	1996/97
1	Arsi	1	1	63	58	42	33
2	Bale	1	1	65	65	10	8
3	Borena	1	1	45	70	9	10
4	East Hararghe	2	1	106	17	14	19
5	West Hararghe	1	2	40	44	13	18
6	Ilubabor	1	1	177	145	45	47
7	Jimma	1	1	184	187	49	30
8	East Shewa	1	1	492	449	59	74
9	North Shewa	1	1	55	51	27	66
10	West Shewa	1	1	59	60	31	46
11	East Wellega	1	1	96	53	19	29
12	West Wellega	1	1	16	69	22	27
	Mean	1	1	121	106	28	34
	Coefficients of variation	0.29	0.29	1.03	1.06	0.58	0.58

Financial Variables

N	Zone	Total Zonal Distribution of financial institutions (V-11)		Distribution per 1 million population (V-12)	
		1991/92 (a)	1996/97 (b)	1991/92	1996/97
1	Arsi	7	7	3	3
2	Bale	6	7	5	5
3	Borena	7	7	5	3
4	East Hararghe	4	4	2	2
5	West Hararghe	4	2	3	1
6	Ilubabor	4	4	5	4
7	Jimma	7	10	4	5
8	East Shewa	14	21	9	12
9	North Shewa	2	2	2	2
10	West Shewa	6	7	3	3
11	East Wellega	6	8	5	6
12	West Wellega	7	8	5	5
	Mean	6	7	4	4
	Coefficient of Variation	0.47	0.67	0.46	0.69

Source: BPED, Statistical abstract, 1994:1996 and computation from the survey of various documents
 (a). The data for the year 1991/92 comprises institutions like C.B.E, U.S.B, AID and Insurance
 (b). The data for the year 1996/97 comprises institutions like C.B.E, C.B.B, Development Bank, Government Insurance, and private Banks and Insurance Companies.

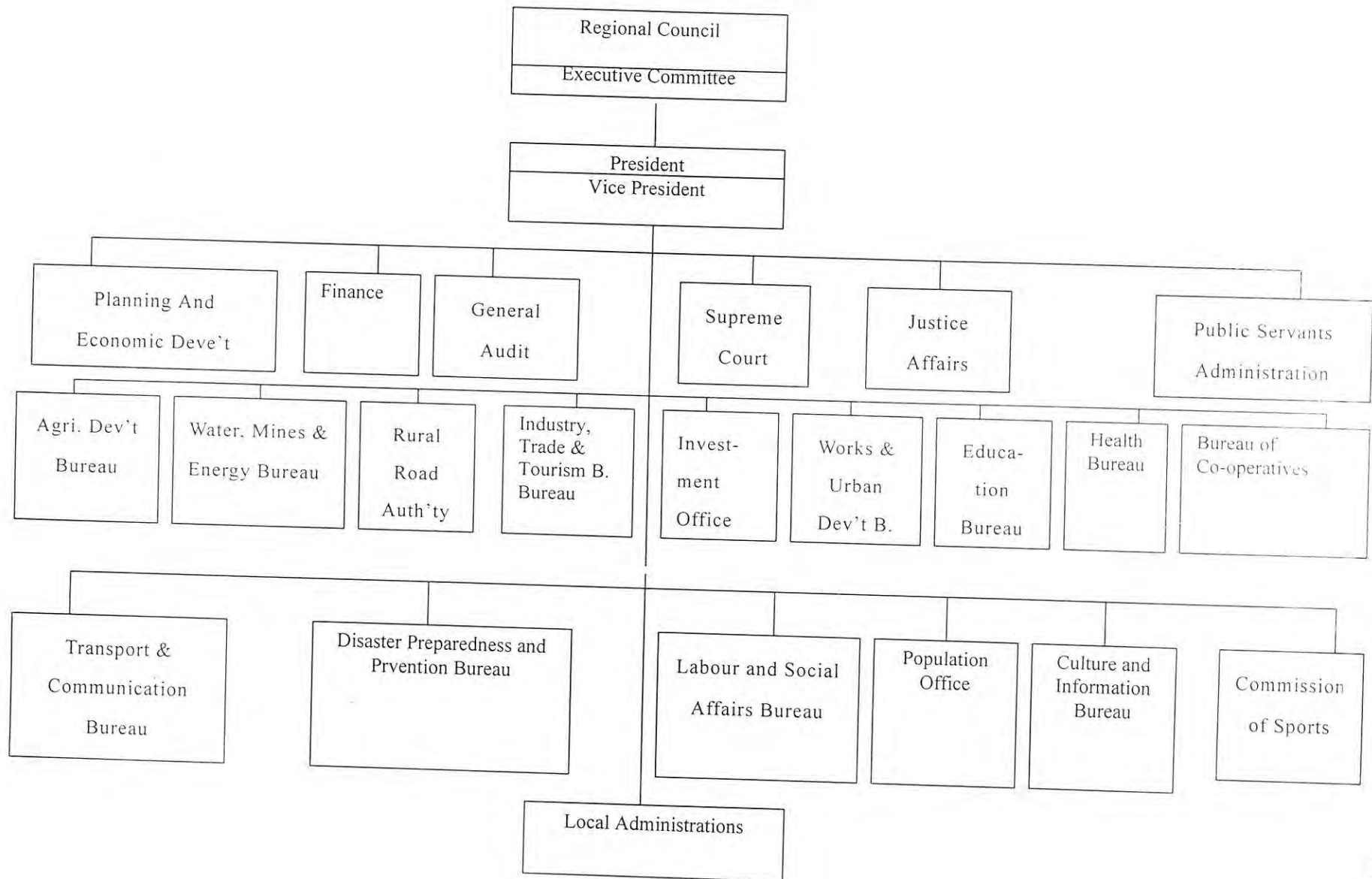
Annex 5

No.	Zone	Agriculture Variables						Manufacturing Variables *			
		Per capita food crop production (in quintals Per population) (V-13)		Yield per hectare (quintals) (V-14)		Fertilizer usage per land Cultivated (V-15)		Establishment per 100,000 population (V-16)		Employment per 1000,000 population (V-17)	
		1991/92	1996/97	1991/92	1996/97	1991/1992	1996/97	1991/92	1996/97	1991/92	1996/97
1	Arsi	3.39	4.40	14.92	14.98	0.35	0.37	16	37	58	144
2	Bale	1.36	2.05	10.09	9.86	0.10	0.15	27	23	111	97
3	Borena	0.77	1.16	9.97	10.56	0.00	0.10	5	7	14	31
4	East Hararghe	1.36	1.83	12.54	17.51	0.03	0.19	0	21	0	56
5	West Hararghe	1.53	2.81	12.83	17.30	0.01	0.04	8	15	33	57
6	Ilubabor	2.20	3.81	11.33	15.26	0.03	0.11	17	16	64	62
7	Jimma	1.66	2.27	12.89	14.44	0.27	0.45	7	7	41	29
8	East Showa	3.77	3.79	13.74	12.55	0.41	0.59	33	26	154	158
9	North Shewa	2.23	3.13	12.87	10.51	0.27	0.20	4	24	6	65
10	West Shewa	2.68	3.05	12.82	11.56	0.32	0.51	3	14	21	45
11	East Wellega	3.15	3.15	16.48	11.77	0.14	0.25	7	9	19	29
12	West Wellega	1.36	2.70	12.44	13.91	0.06	0.10	5	8	12	24
	Mean	2.12	2.85	12.74	13.35	0.17	0.25	11	17	44	66
	Coefficients of Variation	0.43	0.31	0.73	0.20	0.84	0.73	0.89	0.52	1.01	0.65

Source: BAD.BPED Statistical Abstract, 1994, 1996 and own computation.

* The data under the manufacturing variables includes only private small and medium scale Industrial establishments and their employment contribution

Figure 1: Organizational Chart of Oromia Regional State



Declaration

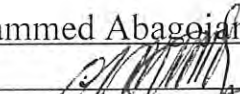

This thesis is my original work and has not been presented for a degree in any other university and that all the sources of materials used for the thesis are duly acknowledged.

Name :- Mohammed Abagejam

Signature _____

Place _____

Date _____

This thesis has been submitted for examination with my approval as a university advisor.



Meheret Ayenew (PH.D)